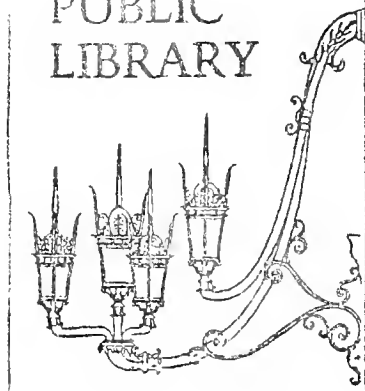


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Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

City of Boston

Massachusetts

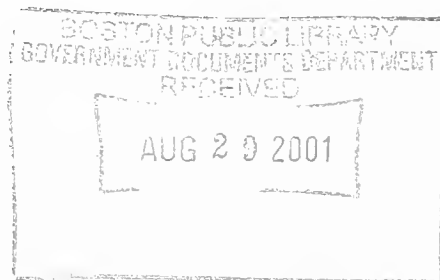
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

Thomas M. Menino, Mayor

Edward J. Collins, Jr., Chief Financial Officer

Sally D. Glora, City Auditor



Prepared by the City of Boston Auditing Department



Photographs provided by Boston film Bureau and Boston Police Department

Cover and divider production by the City of Boston Graphic Arts Department

Cover photo: City skyline from the Charles River

Back Photo: Trinity Church and the John Hancock Tower

City of Boston, Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

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INTRODUCTORY SECTION



City of Boston
Auditing Department

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December 11, 1999

***The Honorable Mayor and
Members of the City Council:***

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Boston ("City") for the fiscal year ended June 30, 1999. The accuracy of the financial statements together with the completeness and fairness of their presentation are the responsibility of the City's management. The enclosed data are accurate in all material respects and all disclosures necessary have been included to present fairly the financial position of the City. The financial position and results of operations of the various funds and account groups have been prepared in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). The requirements of State finance law of the Commonwealth of Massachusetts and the City Charter have also been satisfied.

The report is presented in three sections: (1) the Introductory Section includes general information about the City and summarizes financial activity for the fiscal year; (2) the Financial Section includes the Independent Auditors' Report on the City's General Purpose Financial Statements, the General Purpose Financial Statements and the Combining and Individual Fund Financial Statements and Schedules for the various funds and account groups including required supplemental information; and (3) the Statistical Section includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City.

In addition to all funds and account groups of the City, the report includes component units included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City as required by GASB Statement No. 14. The State-Boston Retirement System (SBRS) has been presented as a blended component unit because it provides services almost exclusively to the primary government. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City but are included because the City is financially accountable for and is able to impose its will on the organization. The following component units have been discretely presented in the General Purpose Financial Statements: Boston Redevelopment Authority, Economic Development Industrial Corporation, Boston Public Health Commission and Trustees of the Public Library of the City of Boston.

The Commonwealth of Massachusetts, through Chapter 190 of the Acts of 1982, requires that the City undergo an annual audit performed by a firm of independent public accountants. The City has selected the firm of KPMG LLP to perform the June 30, 1999 audit. This audit is conducted in accordance with generally accepted auditing standards and *Government Auditing*

Thomas M. Menino, Mayor
Sally D. Glora, City Auditor

Standards, issued by the Comptroller General of the United States. The audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

The City also undergoes an annual audit of its Federal grant funds as required by the Single Audit Act. KPMG LLP issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Single Audit Act and Office of Management and Budget Circular A-133.

Economic Conditions and Outlook

The City of Boston is the economic hub of both the Commonwealth of Massachusetts and the New England region. It is a center for professional, business, financial, higher education and medical services as well as transportation, communication, export, cultural and entertainment activities. Boston is also the State capital and the host to several federal agency offices. High technology, tourism, research and development, manufacturing, and wholesale distributions also contribute to the economy of the City and its suburbs.

The City of Boston is the twentieth largest city in the United States. In 1996, the City had a population of 558,394, as estimated by the most recent Census Bureau data and the number of people who work in Boston had increased to 665,401 by the end of calendar year 1998. The ratio of jobs to population indicates that the City provides a direct source of employment and income for an area that extends well beyond its borders. Measured in terms of jobs, the City's economy comprises approximately 17% of the Massachusetts economy and 8% of that of the six New England states. The population of Boston is young, in part because of the high concentration of younger adults who come to the City to attend school or to work. Another characteristic of Boston's population is shown by the racial and ethnic diversity of its residents: the racial composition is 59% white and 41% minority.

Current Economic Conditions

The current status of the Boston economy is one of a seven-year economic expansion following the 1988-1992 downturn. Economic results for calendar year 1998 reveal continuing economic growth as measured by many of the primary economic indicators. Partial 1999 data also show continuing economic strength.

Economic trends for Boston are positive, with increasing employment, low unemployment rates, a strong office market, strong and rising values in residential real estate, over \$1.73 billion of private development construction investment in fiscal 1999, and several large public sector projects underway to improve the infrastructure capacity of the City.

Employment increases are evident with the gain of 20,676 jobs (2.5%) in 1994, 12,104 jobs (2.0%) in 1995, 8,121 jobs (1.3%) in 1996, 13,946 jobs (2.2%) in 1997, and 16,335 jobs (2.5%) in 1998. Boston's unemployment continues to decline. In October 1999, Boston's unemployment rate fell to 3.2%, down from the 9.5% rate registered at the peak of the regional recession in July 1991. The number of persons unemployed has fallen from 27,378 to 9,442 over the same period. Boston's unemployment in October 1999 was better than the Massachusetts rate of 3.3% and much better than the U.S. unemployment rate of 4.7%

Commercial Markets

Boston continues to show economic strength in the retail, hotel, and office market sectors.

Retail Market

Boston's regional retail market comprises a five-county area with over \$37.70 billion in retail sales in 1997. Retail sales, which grew very slowly in the 1989-1992 era, have rebounded through 1997. In the City, retail sales are estimated annually at about \$4.50 billion based on 1992 data projected to 1997 by a private sector firm. Boston's major retail districts in the downtown and Back Bay areas include Downtown Crossing, Faneuil Hall Marketplace, Copley Place, the Prudential Center, and Boylston and Newbury Streets. At least two major retail developments in downtown Boston and the Fenway area are now in the planning stages. In the neighborhoods, there are now 20 Main Street business districts with intensive renewal projects. Nine new supermarkets have been built in neighborhoods throughout the City, while two others have been renovated.

Hotel Market

Boston's hotel market is one of the nation's best. After reaching a low of 65.4% in 1991, the occupancy rate was back up to 78.4% in 1996, well above the national city average of 73.1%. Boston's average daily room rate rose from \$108.29 to \$145.91 per night over the same period. For 1997, occupancy grew by 1.8% to 79.6% while average room rates grew by 12.2% to \$162.72. Through December 1998, Boston's hotel occupancy rate was 78.6% because of an increase in the total number of hotel rooms, but the average room rate rose, nevertheless, to \$176.59. Boston's favorable hotel market over the past eight years has stimulated considerable development. Between July 1, 1997 and April 15, 1999, four new hotels and four expansion projects were completed, adding a total of 838 rooms. As of April 15, 1999, six new hotels and one expansion project, representing 1,677 new rooms, were under construction, while three new hotels, with a total of 614 additional rooms were approved for, but not yet commenced, construction. In addition, applications to construct eleven new hotel projects, representing a total of 2,982 rooms, have been filed with the BRA.

Office Market

Boston's office market is also improving. As of September 30, 1998, the vacancy rate as reported by the CB Richard Ellis Office Vacancy Index (the "CB Index") was 3.7%. According to the CB Index, Boston ranked third best among all 47 downtowns tracked, and number two among the twenty largest office markets. Rents and absorption have firmed up. Office rents have averaged in the \$35-\$40 per square foot range since 1997, while prime space is now over \$60. In 1997, the renovation of a major 600,000 square foot building added the first new space to the City in several years. In 1998, three major renovations of office space added 314,000 square feet of space, while some consolidation freed up about 600,000 square feet in three large buildings. For completion in 1999-2000, there are now two major renovations with 820,000 square feet, and three new buildings under construction with 1.0 million square feet of new space. For 2001-2003 there are four buildings pending which, if completed, would add another 3.6 million square feet of space to the office market. Office development, after eight years of limited supply between 1990 and 1997, has been growing again because of the strong market.

Housing Market

Both the housing sales volume and housing prices have shown strength over the last seven years following the end of the regional recession in 1992. 1998 showed very strong trends in housing activity, continuing patterns evident since 1992. In greater Boston, there were 78,835 non-condominium residential sales in 1998, an increase of 9.0% over 1997. Throughout the City, there were 4,186 residential sales in 1998, a gain of 0.8% from 1997. Condominium sales activity was also vigorous. Greater Boston had 20,223 sales in 1998, a 17.1% rise from 1997. In Boston alone, condominium sales increased to 4,366 in 1998, a gain of 11.6% from 1997. In 1998, according to the National Association of Realtors, the median purchase price for an existing home in greater Boston also jumped by 8.4% over the previous year to \$212,600.

Empowerment Zone Designation

On January 13, 1999, the City was designated an Empowerment Zone ("EZ") community by the U.S. Department of Housing and Urban Development. This makes Boston eligible to share in proposed federal grants and tax-exempt bonding authority to finance sweeping revitalization and job creation programs over the next ten years. The ten-year EZ designation brings with it \$130.0 million in tax-exempt bonding authority for qualified projects and \$100.0 million in grants. Any bonds issued in connection with the EZ bonding authority would be secured solely by project revenues, and would not be general obligations of the City.

Goals of the EZ include: job creation, business development, home ownership opportunities, affordable housing creation, transit system improvements, computer technology training, and job training and educational efforts.

Over the life of the EZ, millions of dollars of investment are expected to be leveraged locally by organizations, including public institutions, companies, educational institutions, hospitals, philanthropic groups, utilities, and others. Boston's EZ will also give the City priority for other federal programs. The EZ, wholly within Boston, encompasses 5.8 square miles, running north to south through the center of the City, and includes parts of the neighborhoods of South Boston, Downtown, South End, Roxbury, Jamaica Plain, and Mattapan. The EZ contains 57,640 residents (roughly 10% of the City's population), has an unemployment rate of 16.1%, and has 43% of the adult (age 25+) population with less than a high school diploma.

Seaport and Airport

The City of Boston is a major national and international air terminus, a seaport and the center of New England's rail, truck and bus service. The City is served by three limited-access interstate highways which connect it to the national highway system: U.S. 90 (Massachusetts Turnpike), which transverses the State from Boston to the New York State border; U.S. 95, the East Coast's principal north-south highway, which connects Boston to Portland, Maine to the north and New York City and Washington, D.C. to the south; and U.S. 93, another north-south highway that extends from just south of Boston to New Hampshire. Two national railroads, Amtrak and Conrail; a regional rail carrier, Boston and Maine; and a local carrier, Bay Colony, also serve the City.

The Port of Boston serves the six-state New England region and beyond as a natural deep-water berth, providing access to world ports as well as feeder service several times weekly to Halifax, Canada and the Port of New York and New Jersey. The City's port activity includes handling bulk and general cargo, providing ship repair supply services, offering customs and international trading services, providing storage facilities and other commercial maritime services. The Port of Boston is also a major cruise port that hosted a record 62 cruise ships in calendar 1998, carrying 106,000 passengers. The cruise port mainly operates between May and October.

In 1998, Logan International Airport was served by 38 domestic and 14 international airlines. In calendar 1998, Logan Airport served a total of 25.6 million passengers. A 1997 report showed that Logan was the most active airport in New England, the 17th most active in the United States and the 27th most active in the world, according to the Airports Council International ("ACI").

Logan Airport also plays an important role as a center for processing domestic and international air cargo. According to ACI, in 1997, Logan Airport ranked 18th in the nation in total air cargo volume. Between fiscal 1993 and 1997, the total volume of air cargo handled at

Logan Airport grew by 11.8%. In fiscal 1997, total cargo at Logan reached 767.0 million tons of freight shipped and 157.0 million pounds of mail handled.

The Massachusetts Port Authority (Massport) was created by the State legislature to develop and manage the City's major air and sea transportation centers and the Tobin Memorial Bridge, which spans the Mystic River. Massport is financially independent and the City of Boston is not responsible for any debt or other obligations incurred by Massport. Massport has developed a long-range capital program of approximately \$2.90 billion for improvements at its facilities, most of which are located in the City. A one billion major modernization project of Logan Airport by Massport is now underway. The project includes a new double-decked roadway system, a new 3,150 car-parking garage, a new public transit terminal, improved walkways, major terminal renovations, a new 600-room hotel, and a new sign system. These improvements will create a more streamlined, efficient, and passenger-friendly airport. The remainder of the long-range capital program also includes non-Logan improvements and privately financed investment at all Massport facilities.

In 1998, Massport projected that it would spend an estimated \$2.90 billion during fiscal 1995 through fiscal 2003 for ongoing capital improvements to Hanscom Field, Logan Airport, Tobin Memorial Bridge, the port facilities, and for improvements and major maintenance at various Massport properties. Massport currently expects to finance these projects with a combination of bond proceeds, passenger facility charges, federal grants and internally generated funds.

Economic Outlook

The outlook for the economy continues to be positive. Investment by the private sector was over \$1.73 billion for active construction projects in fiscal 1999. Together with several large public sector projects, which will improve the infrastructure of the City, these investments serve as an indicator that the economy is poised for continued growth.

The Massachusetts Water Resources Authority ("MWRA"), an independent State authority, is also completing construction of one of the largest wastewater treatment facilities in the nation. The project is intended to bring wastewater discharge in Boston Harbor into compliance with federal and state requirements. The project is expected to cost \$3.80 billion. In addition to the treatment facility project, the MWRA is planning to spend \$2.20 billion on other wastewater and water system improvements over the next ten years. The largest of these is the Metro Water Supply Tunnel Replacement Project. None of these improvements will be located in Boston, but should nevertheless provide major improvements in the system infrastructure that serves the City.

The Boston Housing Authority ("BHA") is currently undertaking major revitalization initiatives at two of its public housing developments: Mission Main, in the Mission Hill

neighborhood of Boston, and Orchard Park in Roxbury. The BHA received two "HOPE 6" grants from the Department of Housing and Urban Development, totaling \$80.0 million, to implement a new approach to public housing financing, incorporating innovative partnerships with public and private entities which will leverage additional development funds. These initiatives are designed to revitalize not only the BHA sites, but the surrounding neighborhoods as well.

Another project currently underway is the construction of the Boston Convention and Exhibition Center ("BCEC") to be located on Summer Street in the South Boston Seaport District. The BCEC will be funded by a combination of City revenue sources and those of the Commonwealth of Massachusetts, including new or increased levies on hotel occupancy and rental cars. The BCEC is a \$700.0 million investment – only the depression of the Central Artery exceeds this project in the history of Boston. The City of Boston is financially responsible for \$157.8 million for site acquisition and preparation, which will be carried out by the Boston Redevelopment Authority. The two largest revenue sources, hotel excise from new hotels (\$1.4 million) and the sale of hackney carriage medallions (\$10.8 million) came in well over the original anticipated revenues for these sources during fiscal 1999. To begin site acquisition and land preparation, the City of Boston issued a Bond Anticipation Note for \$130.0 million in May 1999. An additional Bond Anticipation Note for \$27.8 million is planned for February 2000. This funding will complete Boston's commitment to the BCEC Development.

In addition to the BCEC Project, during the next few years, the Boston metropolitan area is currently the site of several major public sector projects which are expected to be funded by federal, state and private sources. The depression of the Central Artery, the construction of a four-lane tunnel under Boston Harbor and other smaller transportation projects are estimated to cost \$10.84 billion including inflation and project changes. The project is expected to be finished in 2004.

All of these major infrastructure projects increase development investment, resident jobs, wages, and spin-off spending throughout the local economy. In addition, these large public projects, by providing new and improved housing, transportation, convention, and water treatment facilities, lay the groundwork for enlarged capacity, which will provide support for more private sector development into the 21st century.

Major Initiatives

Thomas M. Menino, mayor of the City of Boston, was re-elected in November 1997 to a second four-year term, which expires in January 2002. Mayor Menino continues his commitment to promoting initiatives in the areas of public safety, public health and public education, in addition to continuing to focus on economic development within the City of Boston.

The Menino Administration continues to make improvements to the City's management through its continued evaluation of, and investment in, technology to improve operations, including the completion of the voice and data networks within City Hall. The Management Information Services Department has recently completed a management review that will enable the department to position the City to maximize the use of technology for improved customer service, productivity and efficiency.

One such technological improvement is the build out of a Wide Area Network that will connect all City-owned facilities including schools, community centers, libraries, and administrative buildings. This fiber-rich network will carry data and video traffic and will have the capacity to carry voice traffic as well. It will be used for educational purposes and to create administrative efficiencies. The City will use a combination of public/private partnerships, discounted rates for service, and private fiber to complete the build out.

The City purchased PeopleSoft, Inc., Financial, Human Resources and Payroll applications in late December 1997. The City is implementing these applications through the Boston Administrative Information Systems Project (BAIS). The BAIS Financial and Human Resource Management Systems (HRMS) will replace the City's existing legacy systems.

The BAIS Financial applications went live July 1, 1999 as planned. The Financial applications include general ledger, accounts payable and purchasing. BAIS HRMS applications include Human Resources, which includes Base Benefits, Payroll and Time and Labor. BAIS HRMS was expected to be fully rolled out before December 31, 1999, however the Boston Public Schools (BPS) Payroll and Time and Labor is now rescheduled for mid January 2000. The City's legacy payroll system has been upgraded and determined to be Y2K compliant, the BPS will continue to be paid on this system until the rollover to BAIS HRMS. All other City Departments are now operating on BAIS HRMS.

Phase Two of BAIS Financials includes Asset Management and Accounts Receivable and Billing. The BAIS Project is currently in the design phase for the implementation of these applications. The goal is to "go live" with these applications in fiscal year 2000.

On January 21, 1999, Mayor Thomas M. Menino signed an Executive Order making Year 2000 readiness a top priority of his Administration. The delivery of mission-critical City services to Boston's residents, the business community and visitors before, on and after January 1, 2000 is as primary objective of this Administration. For further information on Year 2000 Readiness Disclosures, refer to the Required Supplementary Information contained within the City's General Purpose Financial Statements, which is located in the Financial Section of this report.

Management training continues with the City's Leadership Development Program, which provides City department heads and members of the Mayor's cabinet with opportunities to develop and enhance management skills. Additional training is provided to other City managers through the Leadership 2000 initiative. Leadership 2000 is a tool to help City managers acquire and develop leadership competencies that support excellent customer services. These include:

setting and communicating priorities, encouraging customer service excellence, optimizing resources, managing performance, building collaborative relationships, attaining commitment, and leading by example. During fiscal 1999, 218 supervisors and managers attended Leadership 2000. It is estimated that another 77 will attend the program in fiscal 2000, bringing the total number of managers trained since the program's inception to 465.

For the second consecutive year, the annual update of the Five-year Capital Plan has been consolidated with the Operating Budget, presenting a unified picture of resources and goals. The Capital Plan, covering fiscal 2000 to fiscal 2004, provides information for over 600 projects with active authorizations and includes a projection of expenditures, demonstrating the continued commitment to "Getting the Job Done", as major projects cross the finish line.

CURRENT PROJECTS

The City's 2000-2004 Capital Plan, released on April 13, 1999 proposes new long-term investments over the next 5-7 years as well as several studies to lay the groundwork for future growth. In all, over \$1.40 billion from City and non-City sources are proposed to be spent on Capital Projects. These expenditures will be used for improvements to schools, public health, libraries, parks and recreation, roads and bridges, as well as 20 local business districts. Also introduced was the "Pave the Way 2000" program which is a new two-year capital plan of street resurfacing and sidewalk repairs throughout Boston. In view of the proven economic and social benefits of consistent, long-range capital planning, the City remains committed to moving forward with its capital program. Also included in this budget is \$70.4 million in new Council authorizations for 83 new projects across every neighborhood in the City.

Public Safety – The City's Police and Fire Department provide and promote public safety and protection services, firefighting and fire prevention services.

The City's Police Department maintains eleven neighborhood police stations and one headquarters building. It also maintains ten support facilities, consisting of the Police Academy, Horse Stables, the Firearms Training Range, a Harbor Patrol Unit, a Fleet Management Unit, a Telecommunications Unit, an Evidence Management Facility, a Property and Supply Warehouse, a Special Operations Division and a Stress Support and Sexual Assault Unit. Over the past decade, seven neighborhood-based police stations have been constructed or restored and reopened. The relatively new Police Headquarters, completed in November 1997, is equipped with modern law enforcement technologies including Enhanced 911 service. Police administrative offices have been relocated to the new headquarters.

The Fire Department maintains 42 facilities consisting of 34 neighborhood fire stations, two marine units, a safety division, a fire investigation unit/maintenance division, a high-pressure pumping station, a training academy, a fire alarm operation division and headquarters. In calendar year 1998, the Fire Department responded to 71,961 incidents, an increase of 2.6% from

the previous year. Of this total, approximately 28,700 responses were calls of an emergency medical nature, while over 4,800 calls were fire responses, resulting in 10 fatalities.

Public Education - The Capital Plan includes projects to improve the physical condition of the City's schools. In addition to ongoing roof replacements and heating system upgrades, the City will complete construction on three new early learning education centers. There is also an ongoing program to address any facility deficiencies in the City's high schools that may affect accreditation. Finally, the Capital Plan includes a major technology upgrade throughout the entire school system.

Library - Boston's Public Libraries have also benefited from the capital planning process. All twenty-five neighborhood branch libraries have been scheduled for building improvements. The historic McKim library building at the central library has undergone major renovation. Phase I renovations started in October 1991 and were completed in October 1996. Phase II renovations have now commenced, and include both historic and non-historic renovations that will restore important spaces to their original appearance. The McKim library has also suffered damage from a flood to the building in fiscal 1999. Fortunately, with the City's catastrophic insurance coverage, the costs associated with these damages will be significantly defrayed.

Health and Environment - The Capital Plan includes \$25.0 million in capital grants through fiscal 2000 to Boston Medical Center ("BMC") for capital expenditures on the former Boston City Hospital campus, which is owned by the Boston Public Health Commission and is leased to the BMC. The Capital Plan also includes approximately \$7.8 million for additional capital improvements to the campus to correct environmental and other code compliance deficiencies, and \$3.5 million for other capital projects on the campus.

Government Effectiveness - Capital investment has supported the City's commitment to efficient, effective municipal management by building a physical infrastructure that is strong and adaptive. Substantial investment has been made in capital improvements, technological advances, and equipment for maintenance programs to improve safety conditions, decrease operating costs and provide better service delivery. An ongoing initiative is underway to create a fiberoptic network connecting City departments, agencies, facilities and community organizations. The primary objective of the project is to increase communications infrastructure capacity for the City's telecommunications requirements, resulting in greatly reduced operating communications cost for the City.

Completed Projects in fiscal 1999 - Among the many capital projects that are ongoing, several major projects were completed in fiscal 1999. For the Fire Department, the City acquired four new pumper trucks. In the Parks Department, the new Franklin Park Clubhouse was completed. The Public Works Department now has a new Public Works Yard in West Roxbury. The School Department projects completed include three new Early Education Centers and the acquisition of 259 new school buses.

FUTURE PROJECTS

With satisfaction of all of the requirements of the Boston Convention and Exhibition Center ("BCEC") enabling legislation, site acquisitions began during fiscal 1999 and construction will commence soon thereafter. The City of Boston, acting through the Boston Redevelopment Authority ("BRA"), is responsible for site acquisition and site preparation as well as demolitions and environmental remediation while the Massachusetts Convention Center Authority ("MCCA") is responsible for project design, construction and management. Completion is scheduled for the year 2003.

A variety of studies are planned to enhance economic development activities. These include the ongoing analysis to determine the best public uses for City Hall Plaza; Boston 2000 to explore land use and development for new areas created by the Central Artery/Third Tunnel Project; and Boston 400, a comprehensive master planning process to determine infrastructure investment and economic development into the next century.

SERVICE ACCOMPLISHMENTS

Promoting the health and well being of Boston's residents continues to be one of the Mayor's primary initiatives. Promoting the availability of quality and affordable health care and a comprehensive approach to environmental management to ensure healthful, robust families will in turn create strong and productive communities. The Boston Public Health Commission, in partnership with the Boston Health Net, a coalition of neighborhood health centers, administers public health services and emergency ambulance services provided by the City. The Boston Medical Center, a non-profit hospital created from the merger of the City's two hospitals with the Boston University Medical Center Hospital, serves as a national model for mergers of public and private hospitals. Together, this new organization has allowed Boston to treat more under-insured patients than ever before, to reduce emergency room visits by providing state-of-the-art healthcare in the neighborhoods and to become the number one city in the nation for child immunizations. Included in the five-year Capital Plan for the Boston Public Health Commission are special programs for Childhood Development, Cancer Prevention and Control, Environmental Health and Substance Abuse.

Ongoing progress in the Mayor's other initiatives include substantial success in the platform for the reform of the Boston Public School system. The five-year program, "Focus on Children" has established a level of higher standards for what teachers ought to teach and what students ought to know. Current results of the five-year plan have been promising. Test scores are up in most grade levels. Attendance rates are up. The dropout rate is down. A higher percentage of high school graduates are going to college than ever before. Across the system, performance and achievement continue to improve.

The Mayor's initiatives in the area of Public Safety continue to make Boston a safer place to live. Programs such as Boston's Same Cop/Same Neighborhood policing strategy continue to provide confidence in the city's neighborhoods, and include more than 900 crime watch groups, community organizations and other law enforcement authorities. The police department has also applied new technology including an Enhanced 911 response system and a DNA Laboratory and Ballistics Unit, all located within the new headquarters in Roxbury.

The Boston Fire Department continues to maintain an average response time of four minutes or less to Level One emergencies and the department's use of defibrillators when responding to cardiac arrests have saved more than 30 lives.

Through the Mayor's commitment to making Boston a more livable city, renovations have been underway to enhance and expand the parks within the city. Over the next four years, Boston's usable park system will expand by 25 percent to include land over the Central Artery, the Harbor Islands and numerous neighborhood pocket parks. One of the more recent initiatives was the restoration of the Gardner St. Landfill. Located in the West Roxbury section of Boston, this reclamation of land will generate a 100-acre park, larger than the Boston Common and the Public Garden combined. Existing wetlands will be preserved, and Bostonians will have recreational access to the Charles River. Across the City, through the Mayor's Open Space Acquisition Program, the City works with civic associations to identify abandoned parcels for conversion to park space. Targeted sites include various parcels in East Boston, the Fenway area, Jamaica Plain and Roxbury.

Accounting System and Budgetary Control

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise each fund's assets, liabilities, fund balance, revenues and expenses. An integrated computerized financial accounting system is maintained by the Auditing Department to record transactions within these accounts. The Auditing Department also maintains an encumbrance accounting system. This system accounts for the City's purchase orders, service orders and other contractual commitments. The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Commonwealth of Massachusetts. This basis of accounting differs from generally accepted accounting principles.

The City's management is responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that the assets of the City are safeguarded from loss, theft or misuse. In addition, the internal control structure reasonably assures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of

reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. The City Auditor is responsible for evaluating the adequacy and effectiveness of the control structure, and the Auditing Department conducts a periodic evaluation of the control structure's effectiveness.

As a part of its internal control structure, the City maintains budgetary controls. The objective of these controls is to ensure compliance with the legally mandated budget adopted by the City Council. Activities of the General Fund are included in the annual budget. The budgets within the Special Revenue Fund are established based on specific grant requirements or specific legislation, but are not subject to City Council approval. The Capital budget reflects long-term needs financed primarily through the issuance of bonds. This multi-year budget is subject to approval by the City Council. Specific budgets are established for each capital project prior to its inception.

The function and activity within the individual fund establishes the level of budgetary control. Budgetary control in this context means the level at which expenditures cannot legally exceed the appropriated amount. In the case of the General Fund, this control is at the department level. In the case of the Special Revenue and Capital Projects Funds, the control is at the grant or project levels respectively. All of these budgetary controls reside within the City's financial system and are monitored by the Office of Budget Management and the Auditing Department to ensure compliance.

The Federal Single Audit Act requires the City to have an annual independent audit conducted on the federal financial assistance it has received. This audit is conducted simultaneously with the City's annual financial statement audit.

A significant portion of the Single Audit work is devoted to evaluating the City's internal control structure. The evaluation includes tests of a significant number of individual federal grant transactions that occurred during the fiscal year. The Single Audit work also requires that the auditor determine whether the organization has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations.

The City's Single Audit report for the year ending June 30, 1999 included no instances of material weaknesses in the internal control structure, nor were any significant violations of the applicable laws and regulations reported. The report is publicly issued under a separate cover. In addition to the annual audit of the federal financial assistance programs, the City also identifies specific grants received from the State for compliance and internal control review by the external auditors.

General Government Functions

The City of Boston incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts, which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including all operations of Suffolk County, except county courts. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

Combining and individual fund and account group statements and schedules for the City of Boston, which includes Suffolk County and its component units, can be found in the Financial Section of this report. Presented in the following sections are selected financial data reported on a generally accepted accounting principles (GAAP) basis related to the operations of the General Fund, Special Revenue Funds, Capital Projects Funds, Internal Service Fund as well as Trust and Agency Funds administered by the City.

GENERAL FUND

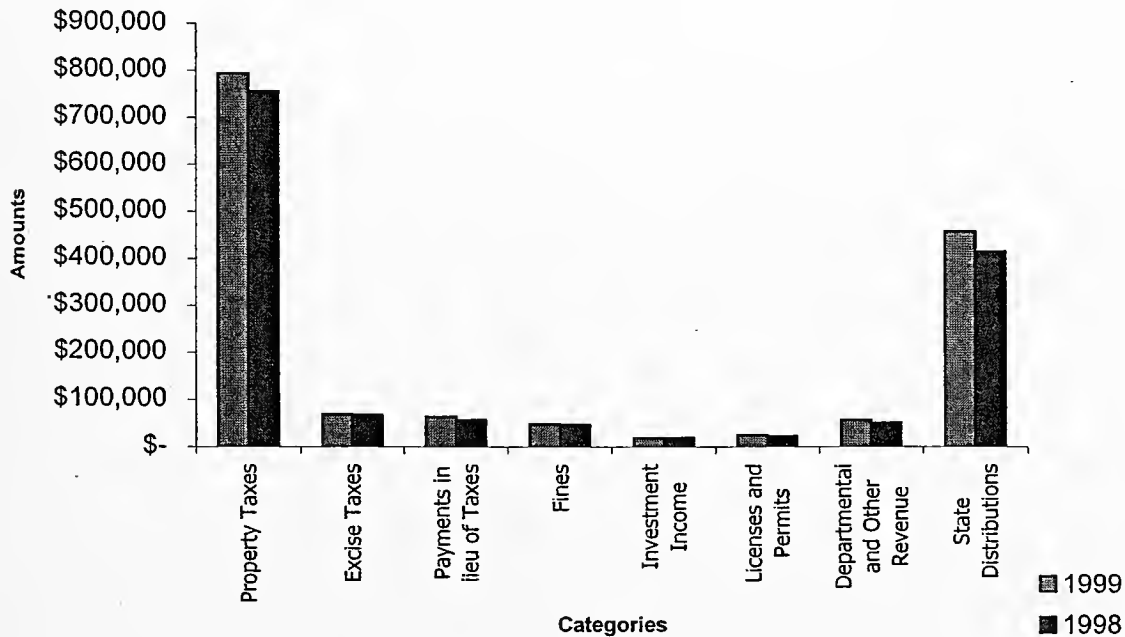
An undesignated fund balance of \$126.5 million was reported at June 30, 1999 as compared to \$101.8 million in 1998. The increase is primarily due to an operating surplus generated by greater revenues than anticipated. The following schedules present a summary of General Fund revenues and expenditures along with the amount and percentage increase (decrease) in relation to the prior year:

Comparative General Fund Revenues

GAAP Basis
(\$ Thousands)

	1999	%	1998	%	Increase (Decrease)	%
Revenues:						
Property Taxes	\$ 792,569	51.9%	\$ 754,561	52.8%	\$ 38,008	5.0%
Excise Taxes	68,238	4.5%	67,241	4.7%	997	1.5%
Payments in lieu of Taxes	63,022	4.1%	56,224	3.9%	6,798	12.1%
Fines	47,693	3.1%	46,292	3.3%	1,401	3.0%
Investment Income	17,884	1.2%	18,526	1.3%	(642)	(3.5)%
Licenses and Permits	24,010	1.6%	21,833	1.5%	2,177	10.0%
Departmental and Other Revenue	56,415	3.7%	50,241	3.5%	6,174	12.3%
State Distributions	456,958	29.9%	414,778	29.0%	42,180	10.2%
Total Revenues	\$ 1,526,789	100.0%	\$ 1,429,696	100.0%	\$ 97,093	6.8%

Revenue Comparison

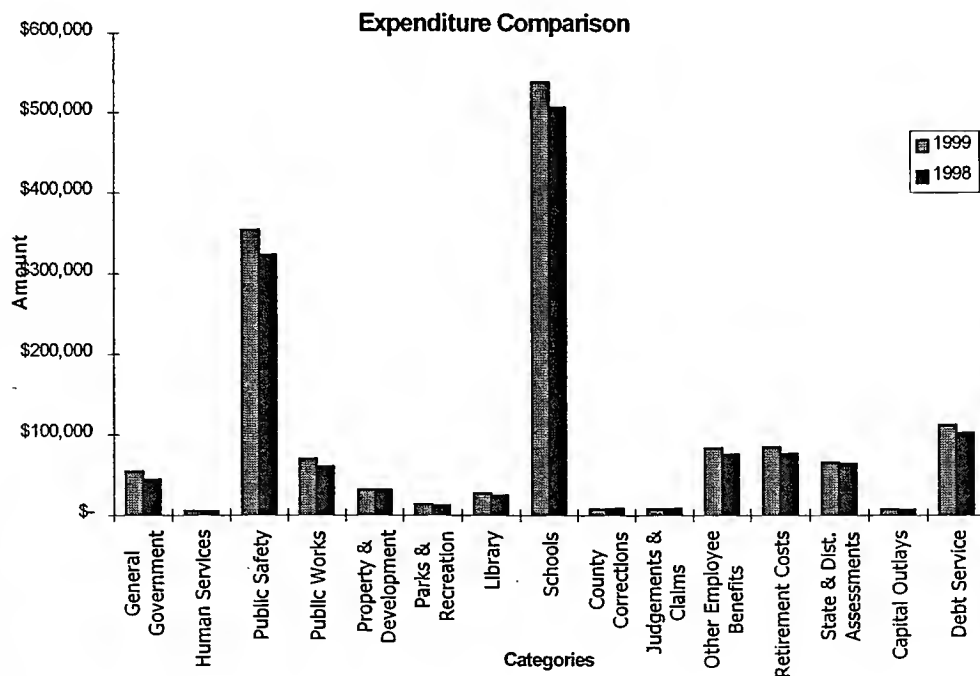


Total revenues for 1999 amounted to \$1.53 billion, an increase of \$97.1 million or 6.8% over 1998. Property tax revenues increased by \$38.0 million, due to an increase in assessed value and new growth. State Distributions from the Commonwealth of Massachusetts increased by 10.2% (\$42.2 million) to \$457.0 million, due most notably from an increase in Chapter 70 revenues and Lottery Aid.

Comparative General Fund Expenditures
GAAP Basis
(\$ Thousands)

	1999	%	1998	%	Increase (Decrease)	%
Expenditures:						
General Government	\$ 54,283	3.7%	\$ 43,850	3.3%	\$ 10,433	23.8%
Human Services	4,969	0.3%	4,717	0.3%	252	5.3%
Public Safety	353,118	24.2%	322,190	23.9%	30,928	9.6%
Public Works	70,019	4.8%	60,163	4.5%	9,856	16.4%
Property & Development	31,805	2.2%	31,934	2.4%	(129)	(0.4%)
Parks & Recreation	13,216	0.9%	11,783	0.9%	1,433	12.2%
Library	27,441	1.9%	24,468	1.8%	2,973	12.2%
Schools	537,585	36.8%	505,795	37.6%	31,790	6.3%
County Corrections	7,362	0.5%	8,267	0.6%	(905)	(10.9%)
Judgments & Claims	7,585	0.5%	7,911	0.6%	(326)	(4.1%)
Retirement Costs	83,341	5.7%	75,382	5.6%	7,959	10.6%
Other Employee Benefits	84,493	5.8%	76,279	5.6%	8,214	10.8%
State & Dist. Assessments	65,569	4.5%	64,187	4.8%	1,382	2.2%
Capital Outlays	7,081	0.5%	6,403	0.5%	678	10.6%
Debt Service	111,683	7.7%	102,445	7.6%	9,238	9.0%
Total Expenditures	\$1,459,550	100.0%	\$ 1,345,774	100.0%	\$ 113,776	8.5%

Expenditures for 1999 increased \$113.8 million (8.5%) compared to 1998. Overall, the cost of salary increases and job reclassifications represented a significant portion of this increase. Spending for General Government increased \$10.4 million, due primarily to a \$10.0 million increase in the risk retention reserve for the McKim library flood damages and increased expenditures for Y2K preparations. Spending for the School Department increased by \$31.8 million to \$537.6 million. Improvements to technology, increased enrollment in the school system, increases in Special Education costs, and an increase in the teacher-to-student ratio in Grade 2 across the system, contributed to the increase in school spending. Public Safety spending increased by \$30.9 million (9.6%), due to an increase in police programs and accelerated hiring of additional replacement personnel in the Fire Department and other operational increases. Parks and Recreation experienced an increase of \$1.4 million due primarily to collective bargaining salary reclassifications and increased cemetery maintenance costs. Retirement Costs increased by \$8.0 million (10.6%) due to a budgetary change in the operating subsidy the City appropriated to fund the pension costs for the Boston Public Health Commission employees. Other Employee Benefits also increased by \$8.2 million (10.8%) due to the rising costs of health insurance and Medicare benefits. Public Works expenditures increased 16.4% to \$70.0 million, due to increased contractual costs related to the depression of the Central Artery, and increases in street cleaning and trash collection expenditures. Several of the areas of increased spending reflect the administration's priorities of improving education, enhancing public safety, maintaining its public works, and this year's commitment to Y2K readiness.



SPECIAL REVENUE FUNDS

The fund balance for the Special Revenue Funds increased to \$93.5 million in fiscal 1999. Total revenues increased by \$36.8 million to \$296.0 million and total expenditures decreased by \$5.4 million to \$268.6 million for the period ending June 30, 1999.

CAPITAL PROJECT FUNDS

Revenues for the Capital Project Funds decreased by \$.3 million to \$20.4 million for 1999. Expenditures increased by \$10.5 million to \$201.5 million for the period. The fund balance for the Capital Projects Fund increased by \$86.8 million to \$72.0 million in 1999.

INTERNAL SERVICE FUND

The Internal Service Fund accounts for the City's Health Insurance Trust Fund. Blue Cross/Blue Shield (BC/BS) acts as a third party agent for the City's employees, retirees and their dependents for payment of expenses incurred under various health indemnification plans utilized by the City. Costs incurred under the BC/BS plans are shared, with 25% paid by employees and retirees and 75% paid by the City. Operating revenues for the Internal Service Fund in 1999 were \$65.2 million and expenses totaled \$59.6 million. The fund deficit at June 30, 1999 was \$5.3 million, as compared to a fund balance deficit of \$10.9 million at June 30, 1998.

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for trustee and agency relationships that the City maintains with its employees, other governments (federal and state), private corporations and individual donors and benefactors. The City's largest Trust Fund is the State-Boston Retirement System (SBRS). Information about this fund is included in the following section entitled "Pension Funds." The resources of the nonexpendable and expendable trust funds are used primarily to provide additional benefits to the City's residents and the City's employees. Resources from these funds are used for certain infrastructure improvements, purchase of equipment, scholarships for Boston Public School students, and jobs and affordable housing for the neediest residents of the City.

In aggregate, the trust funds had a total equity of \$2.89 billion at June 30, 1999, reflecting an increase of \$370.0 million over the balance of 1998. Employee retirement funds account for approximately \$2.77 billion of the total equity amount.

Debt Administration

Direct debt of the City consists principally of the City's outstanding general obligation bonds. On June 30, 1999, the City had outstanding approximately \$711.0 million of long-term fixed interest rate general obligation bonds. All direct debts of the City require the authorization of the City Council and approval of the Mayor. If the Mayor should veto a loan order passed by the City Council, the Charter of the City provides that the loan order is void and may not be passed over the Mayor's veto. The laws of the Commonwealth provide for a general debt limit for the City consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2 1/2% of the valuation of taxable property in the City as last equalized by the State Department of Revenue; the Double Debt Limit is 5% of the valuation of taxable property in the City as last equalized by the State Department of Revenue. The City may authorize debt up to the Normal Debt Limit without State approval. The City may also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Emergency Finance Board

("EFB"). The EFB approved \$100.0 million of debt capacity from the Double Debt Limit on December 10, 1997. The EFB's approval of this additional debt capacity will remain effective until it is rescinded upon the City's request. As of June 30, 1999, the City had outstanding debt subject to the debt limit of \$463.5 million, and authorized but unissued debt subject to the debt limit of \$332.8 million. Based on the City's maximum statutory debt incurring capacity for the Normal Debt Limit of \$896.3 million at June 30, 1999, and with the EFB's approval of an additional \$100.0 million in debt capacity beyond the Normal Debt Limit, the City had the capacity to authorize an additional \$200.0 million of debt as June 30, 1999.

The City is indirectly liable for debt and other expenses incurred by the Massachusetts Bay Transit Authority ("MBTA"). The MBTA, created in 1964 as a body politic and corporate and a political subdivision of the Commonwealth, provides rapid transit and other mass transportation services to the City and to 77 other cities and towns within its jurisdiction. Because the MBTA has consistently operated, and is expected to continue to operate, at a deficit, state law provides for the net cost of service deficit of the MBTA (the excess of its current expenses, including debt service, over its current income, the "Net Cost of Services") to be assessed to the City and the other cities and towns within the MBTA's service area. The City's fiscal 1999 assessment was 42.9% of the total annual assessment on all such cities and towns.

The City of Boston was upgraded to "Aa3" in 1998 from Moody's Investors Service for its assigned rating on general obligation bonds. Fitch IBCA, Inc. conducted a rating analysis in 1998, for the first time, and assigned the City a rating of "AA-". The City's general obligation bonds are assigned a rating of "A+" from Standard & Poors Rating Group, Inc. These ratings are the highest ever received by the City of Boston and reflect confidence in City management to assume a manageable debt burden as well as continued strong financial performance by the City.

Cash Management

The City's Collector-Treasurer uses pooled cash and investments for all eligible City funds. The goal of this pool is to maximize income while minimizing exposure and ensuring sufficient liquidity to meet the City's payment obligations. All City funds are pooled except for trust funds, certain grant funds, and bond proceeds. The investments of the funds not included in the pool are controlled by various trust agreements, grant regulations, and bond trustee agreements.

The Collector-Treasurer sets the City's investment policies. Portions of Massachusetts General Laws Chapters 29 and 41 govern these policies. The Commonwealth also has a list of approved securities and other investments that the City may use as part of its pool. These approved investments include: (1) securities that have been issued or unconditionally guaranteed by the U.S. government or its agencies with a maturity date of less than one year from the date of purchase; (2) demand, term, and certificates of deposit; (3) repurchase agreements that have a maturity of less than one year guaranteed with U.S. government or its agencies securities with a

maturity of less than 90 days; and (4) bonds issued by other states. Additionally, demand, term, and certificates of deposit must be collateralized when they exceed certain levels. Generally, the City's investment policy centers around receiving a competitive yield for its investible cash and minimizing credit and market risks.

All investment earnings, with certain specific exceptions, are included in the General Fund's investment income account. During fiscal 1999, the average yield was 5.1% on the investible cash, as compared to an average yield of 5.5 % for fiscal 1998.

Risk Management

The City is self-insured in most areas of risk including general liability, property and casualty (except school buses and machinery losses up to one million), workers' compensation, certain employee health care costs and unemployment compensation. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Except for certain health care costs, judgments and claims are charged to the General Fund.

The City's Risk Management Program works to limit unnecessary asset losses due, for example, to worker illness and injury, third party liability claims, and property losses due to fire, natural events or terrorism. Particular progress has been made in asset and loss quantification and tracking, identification and analysis of key areas for improvement, and specific improvements in reducing the cost of health care and worker injuries.

On July 1, 1998, the City's first property insurance policy went into effect -- a three-year, all-risk catastrophic policy covering all city property assets up to one billion, unless they are due to earthquake or flood, which are limited to \$400.0 million, after a \$10.0 million retention. This insurance policy limits the City's property loss exposure to \$10.0 million per incident. The premium for this policy is paid from the City's established risk retention reserve.

The City's health insurance program, administered by the Health Insurance and Benefits Division, a program within Human Resources, provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations (HMOs) and Blue Cross and Blue Shield of Massachusetts (BC/BS). BC/BS acts as a third party agent in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans are accounted for in an Internal Service Fund. Costs to the City for the HMOs are accounted for in the General Fund.

Pension Funds

The City participates in a contributory retirement system, the State-Boston Retirement System (SBRS). The City is the largest member of SBRS, a cost-sharing multiple employer public employee system operated under Chapter 32 of the Massachusetts General Laws (MGL) as amended by Chapter 306 of the Acts of 1996. The SBRS provides retirement, disability and death benefits to plan members and beneficiaries. Each participating employer's share of the total annual contribution is determined on the basis of active payroll.

In 1988, the SBRS system became a funded system in accordance with the Pension Reform Act (MGL Chapter 697). Prior to that, it had been a pay-as-you-go system. MGL Chapter 450 further amended this change in 1991. As a consequence, the City committed itself to funding based upon a schedule approved by the SBRS and the State actuary, which includes paying the current year's estimated present value of benefits earned during the year (normal cost) and an annual contribution toward reducing the unfunded liability to zero by the year 2020. The schedule is subject to update and approval at least every three years by the Public Employee Retirement Administration Commission (PERAC), a State agency established to oversee all 104 local Massachusetts public retirement systems. The annual appropriation, based on the approved funding schedule, is a legal obligation of the City that must be included as part of the tax rate certification by the Commonwealth of Massachusetts.

In accordance with MGL Chapter 17 of the Acts of 1997, future cost-of-living adjustments are a local option of city, town and county retirement systems and municipal governments. During the fall of 1997, the SBRS board, the City Council and the Mayor approved the local option. During fiscal 1999, a locally funded cost-of-living adjustment of 3% on the first \$12,000 of a retiree's annual payment was awarded.

The City also operates the Boston Retirement System (BRS). BRS is the predecessor to SBRS and is open to employees and retirees of the City whose employment began prior to 1946. BRS was not subject to MGL Chapter 697 and is funded on a pay-as-you-go basis. The operations of BRS are not material to the City as a whole.

Other Information and Acknowledgments

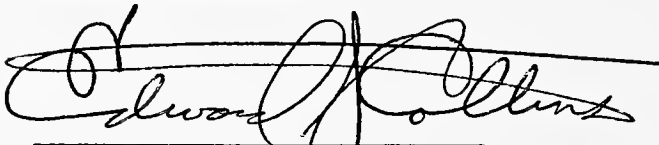
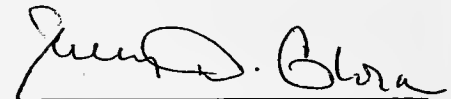
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Boston received a Certificate of Achievement for the fourth consecutive year in fiscal 1998. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

We would like to express our appreciation to the staff of the Accounting and Financial Reporting Program and all the members of the Auditing Department staff whose professionalism and dedication made the timely preparation of the CAFR possible. We also wish to thank the professional staff of KPMG LLP for their counsel, technical assistance, and encouragement in the preparation of this CAFR. Several other City departments and agencies provided additional information and assisted in the CAFR preparation. We gratefully acknowledge their efforts and contributions to this report. Finally, we wish to thank you for your continued interest in the financial operations of the City, and for the planning and support necessary to conduct the City's financial operations in a responsible manner.

Respectfully submitted,


Edward J. Collins, Jr.
Chief Financial Officer
Sally D. Glora
City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boston,
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

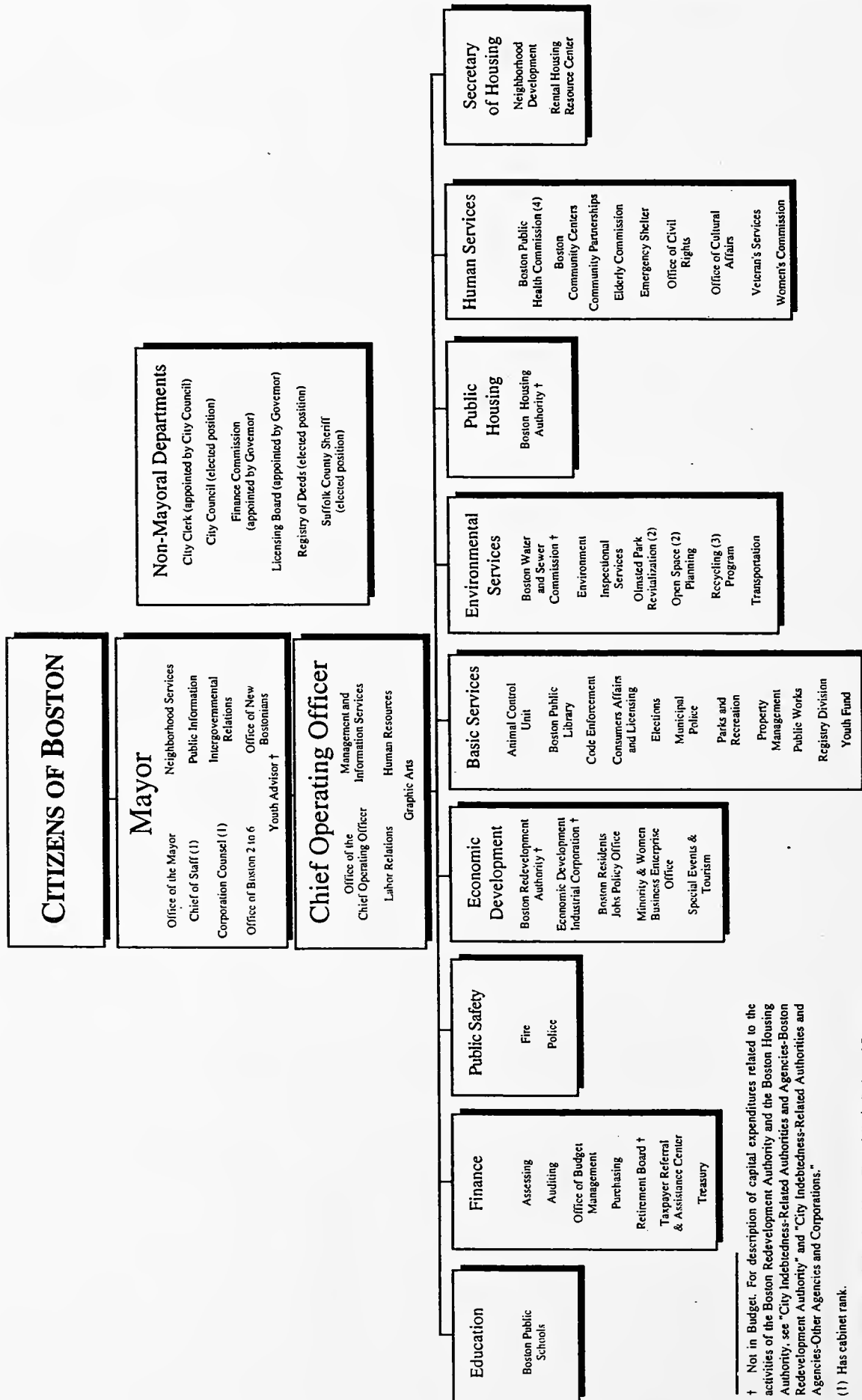


Cary Brueck
President

Jeffrey L. Esser
Executive Director

ORGANIZATION OF CITY GOVERNMENT

City of Boston, Massachusetts



† Not in Budget. For description of capital expenditures related to the activities of the Boston Redevelopment Authority and the Boston Housing Authority, see "City Indebtedness-Related Authorities and Agencies-Boston Redevelopment Authority" and "City Indebtedness-Related Authorities and Agencies-Other Agencies and Corporations."

(1) Has cabinet rank.

(2) Programatically within this cabinet. Financially in Parks and Recreation.

(3) Programatically within this cabinet. Financially in Public Works.

(4) The Boston Public Health Commission is a body politic and corporate and a political subdivision of the Commonwealth created in June 1996 as successor to the City's former Department of Health and Hospitals. See "City Government-Principal Government Services-Public Health."

ELECTED and APPOINTED OFFICIALS

Mayor

THOMAS M. MENINO

City Council Members

James M. Kelly (President)	District 2
Margaret E. Davis-Millen	At-Large
Stephen P. Murphy	At-Large
Albert L. O'Neil	At-Large
Francis M. Roache	At-Large
Paul J. Scapicchio	District 1
Maureen E. Feeney	District 3
Charles C. Yancey	District 4
Daniel F. Conley	District 5
Maura A. Hennigan	District 6
Gareth R. Saunders	District 7
Thomas M. Keane	District 8
Brian J. Honan	District 9

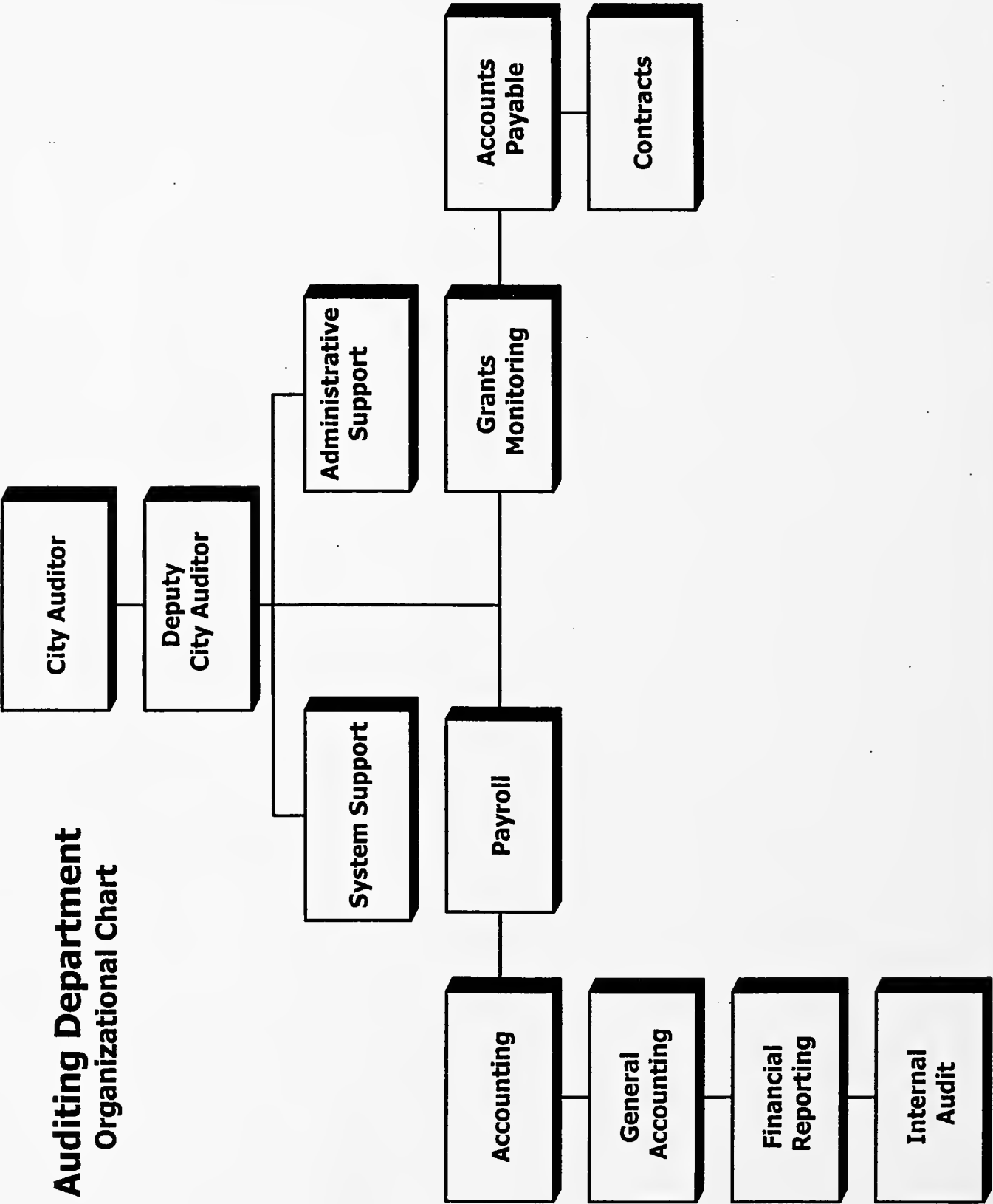
Suffolk County Officials

Richard Rouse	Sheriff
Paul Tierney	Registrar of Deeds

Appointed City Executive Branch Members

Dennis A. DiMarzio	Chief Operating Officer
Edward J. Collins, Jr.	Chief Financial Officer and Collector-Treasurer
Thomas N. O'Brien	Chief Economic Development Officer
Thomas W. Payzant	Chief of Education
Juanita Brooks-Wade	Chief of Human Services
Michael Galvin	Chief of Basic Services
Andrea d'Amato	Chief of Environmental Services
Sandra B. Henriquez	Chief of Public Housing
Charlotte Golar-Richie	Secretary of Public Housing
Paul E. Evans	Chief of Public Safety (Police Department)
Martin E. Pierce, Jr.	Chief of Public Safety (Fire Department)
Merita A. Hopkins	Corporate Counsel

**Auditing Department
Organizational Chart**



Auditing Department Personnel

Sally D. Glora, City Auditor
Dennis J. Coughlin, Deputy City Auditor

Martha C. Ayure ✓	Teresa A. Lynch
Dolores A. Basile ✓	Mary C. Maiullo ✓
Allan M. Brodsky ✓	Sheila A. McGonagle ✓
Elvira Carnazzo ✓	Theresa McNair ✓
Michelle E. Castillo ✓	Carolyn Michelman ✓
Chiu-Lan Cheng	Christine M. Opila ✓
Mary Ann Creedon ✓	Robert A. Perez ✓
Emily C. Crocker ✓	Magnolia Rojas
Coleman Flaherty ✓	Mary L. Raysor ✓
Linda Gillis ✓	Stephen L. Roberts ✓
Carlson R. Hinds ✓	Ann Lashelle Smith ✓
Peggy Hinds	Ming C. Su ✓
Allen Hurley	Genesis Phan Tan ✓
Stephen P. Jannino ✓	Richard Thompson
Cynthia Johnson	Julie A. Tippet ✓
Karen Kovatsi ✓	Stanley J. Wallace ✓
Lillian B. Laurano	Paul F. Waple ✓
Janine London	



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FINANCIAL SECTION

This section is comprised of the independent auditor's report, general purpose financial statements, the combining and comparative fund statements, and required supplementary information.



99 High Street
Boston, MA 02110-2371

Telephone 617 988 1000
Fax 617 988 0800

Independent Auditors' Report

The Honorable Mayor and City Council
City of Boston, Massachusetts:

We have audited the general purpose financial statements of the City of Boston, Massachusetts (the "City"), as of and for the year ended June 30, 1999, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain entities and accounts that aggregate the following percentages of total assets and revenues/additions:

	<u>Percentage of</u>	
	<u>Total Assets</u>	<u>Total Revenues/ Additions</u>
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units:		
Trust Funds	100%	N/A
Discretely Presented Component Units	20%	N/A
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units:		
Expendable Trust Funds	N/A	100%
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units:		
Nonexpendable Trust Funds	N/A	100%
Discretely Presented Component Units	N/A	100%
Combined Statement of Changes in Plan Net Assets - Pension Trust Funds	N/A	100%

N/A = not applicable.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those entities and accounts, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.



The Honorable Mayor and City Council
City of Boston, Massachusetts

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Boston, Massachusetts, as of June 30, 1999, and the results of its operations and the cash flows of its discretely presented component units, proprietary and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 2, 1999 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical sections as listed in the table of contents and therefore express no opinion thereon.

The Year 2000 information and the schedules of funding progress and employer contributions on pages 36 and 38, respectively, are not a required part of the general purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules of funding progress and employer contributions certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules. We were unable to apply certain of these limited procedures to the Year 2000 information because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the City is or will become Year 2000 compliant, that the City's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become Year 2000 compliant.

KPMG LLP

December 2, 1999

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 1999
(in thousands)

	GOVERNMENTAL			PROPRIETARY FIDUCIARY		ACCOUNT GROUPS			Total		Total (Memorandum Only)
	FUND TYPES			FUND TYPE	FUND TYPE	FUND TYPE			(Memorandum Only)		
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Units	Reporting Entity	
Assets											
Cash and investments (note 3)	\$ 311,064	146,402	113,634	4,354	2,786,117	—	—	3,361,571	98,450	3,460,021	
Restricted cash and investments (notes 3 and 7)	16,280	2,137	—	—	—	—	—	18,417	8,342	26,759	
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):											
Property taxes	94,099	—	—	—	—	—	—	94,099	—	94,099	
Motor vehicle excise	6,844	—	—	—	—	—	—	6,844	—	6,844	
Intergovernmental	39,000	53,853	—	—	20,358	—	—	113,211	11,232	124,443	
Departmental and other	8,991	1,665	—	—	169,599	—	—	180,255	82,023	262,278	
Total receivables	148,934	55,518	—	—	189,957	—	—	394,409	93,255	487,664	
Due from other funds (note 6)	66,931	2,237	6,940	754	59,624	—	—	136,486	1,370	137,856	
Due from primary government (note 6)	—	—	—	—	—	—	—	—	545	545	
Due from component units (note 6)	171,642	300	1,625	—	—	—	—	173,567	—	173,567	
Due from BMC (note 12)	—	—	—	—	—	—	—	—	158,421	158,421	
Other assets	—	—	—	—	—	—	—	—	1,417	1,417	
Property, plant and equipment, net of accumulated depreciation (note 5)	—	—	—	—	90	826,224	—	826,314	45,145	871,459	
Amount available as debt service reserve	—	—	—	—	—	—	31,106	31,106	—	31,106	
Amount to be provided for the retirement of general long-term obligations	—	—	—	—	—	—	1,166,648	1,166,648	173,267	1,339,915	
Total assets	\$ 714,851	206,594	122,199	5,108	3,035,788	826,224	1,197,754	6,108,518	580,212	6,688,730	

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units (Continued)

June 30, 1999
(in thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		ACCOUNT GROUPS			Total (Memorandum Only)		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency	General Fixed Assets	Long-Term Obligations	Primary Government	Component Units	Reporting Entity			
Liabilities													
Warrants and accounts payable	\$ 84,037	54,476	5,668	698	140,368	—	—	—	285,247	75,872	361,119		
Accrued liabilities:													
Tax abatement refunds	98,000	—	—	—	—	—	—	—	98,000	—	98,000		
Judgments and claims (note 13)	—	—	—	9,740	—	—	17,395	—	27,135	—	27,135		
Sick and vacation	—	—	—	—	—	—	92,724	—	92,724	1,185	93,909		
Landfill closure	—	—	—	—	—	—	20,624	—	20,624	—	20,624		
Other	81,575	33,946	1,788	—	7,576	—	—	—	124,885	9,723	134,608		
Due to other funds (note 6)	9,987	24,659	42,208	—	64	—	—	—	76,918	1,370	78,288		
Due to component units (note 6)	—	—	545	—	—	—	—	—	545	—	545		
Due to primary government (note 6)	—	—	—	—	—	—	—	—	—	173,567	173,567		
Due to BMC	—	—	—	—	—	—	—	—	—	6,544	6,544		
Deferred revenue	264,135	—	—	—	—	—	—	—	264,135	189,029	453,164		
Matured interest and bonds payable	458	—	—	—	—	—	—	—	458	—	458		
Obligations under capital leases (note 7)	—	—	—	—	—	—	25,001	—	25,001	—	25,001		
Bonds and notes payable (note 7)	—	—	—	—	888	—	1,042,010	—	1,042,898	20,983	1,063,881		
Total liabilities	538,192	113,081	50,209	10,438	148,896	—	1,197,754	—	2,058,570	478,273	2,536,843		
Fund Equity and Other Credits													
Investment in general fixed assets	—	—	—	—	—	826,224	—	—	826,224	21,454	847,678		
Retained earnings (deficit)	—	—	—	(5,330)	—	—	—	—	(5,330)	17,878	12,548		
Fund balances:													
Reserved for:													
Trust fund endowments	—	—	—	—	76,316	—	—	—	76,316	37,805	114,121		
Encumbrances and continuing appropriations	33,880	59,355	160,740	—	—	—	—	—	253,975	12,279	266,254		
Debt service	16,280	14,826	—	—	—	—	—	—	31,106	—	31,106		
Employees' pension benefits	—	—	—	—	2,772,187	—	—	—	2,772,187	—	2,772,187		
Unreserved:													
Designated for subsequent year expenditures (note 15)	—	—	—	—	—	—	—	—	—	3,100	3,100		
Undesignated	126,499	19,332	(88,750)	—	38,389	—	—	—	95,470	9,423	104,893		
Total fund equity (deficit) and other credits	176,659	93,513	71,990	(5,330)	2,886,892	826,224	—	—	4,049,948	101,939	4,151,887		
Contingencies (note 13)													
Total liabilities, equity and other credits	\$ 714,851	206,594	122,199	5,108	3,035,788	826,224	1,197,754	—	6,108,518	580,212	6,688,730		

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All
Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1999
(in thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	Total (Memorandum Only)		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	Primary Government	Component Units	Reporting Entity
Revenues:							
Local:							
Real and personal property taxes, net (note 4)	\$ 792,569	—	—	—	792,569	—	792,569
Excises	68,238	—	—	—	68,238	—	68,238
Payments in lieu of taxes	63,022	—	—	—	63,022	—	63,022
Fines	47,693	—	—	—	47,693	—	47,693
Investment income	17,884	—	99	1,349	19,332	1,131	20,463
Licenses and permits	24,010	—	—	—	24,010	—	24,010
Departmental and other revenue	56,415	36,114	2,608	5,847	100,984	29,660	130,644
Total local revenues	<u>1,069,831</u>	<u>36,114</u>	<u>2,707</u>	<u>7,196</u>	<u>1,115,848</u>	<u>30,791</u>	<u>1,146,639</u>
Intergovernmental:							
Federal	—	143,697	5	—	143,702	30,116	173,818
Commonwealth of Massachusetts	456,958	116,211	17,645	—	590,814	—	590,814
Local	—	—	—	—	—	52,558	52,558
Total intergovernmental revenues	<u>456,958</u>	<u>259,908</u>	<u>17,650</u>	<u>—</u>	<u>734,516</u>	<u>82,674</u>	<u>817,190</u>
Total revenues	<u>1,526,789</u>	<u>296,022</u>	<u>20,357</u>	<u>7,196</u>	<u>1,850,364</u>	<u>113,465</u>	<u>1,963,829</u>
Expenditures:							
Current:							
General government	54,283	5,782	—	950	61,015	18,855	79,870
Human services	4,969	4,542	—	1,615	11,126	—	11,126
Public safety	353,118	26,453	—	—	379,571	—	379,571
Public works	70,019	419	—	146	70,584	—	70,584
Property and development	31,805	—	—	—	31,805	—	31,805
Parks and recreation	13,216	4,474	—	3,894	21,584	—	21,584
Library	27,441	1,222	—	—	28,663	—	28,663
Schools	537,585	76,522	—	47	614,154	—	614,154
County	7,362	70,068	—	—	77,430	—	77,430
Public health programs	—	—	—	—	—	56,699	56,699
Judgments and claims	7,585	—	—	—	7,585	—	7,585
Retirement costs (note 8)	83,341	—	—	—	83,341	981	84,322
Other employee benefits	84,493	—	—	—	84,493	921	85,414
State and district assessments	65,569	—	—	—	65,569	—	65,569
Community development	—	70,512	—	—	70,512	52,311	122,823
Assistance payments to BMC (note 12)	—	—	—	—	—	8,000	8,000
Subsidies to BMC and EMS (note 12)	—	—	—	—	—	7,283	7,283
Capital outlays	7,081	5,166	201,237	—	213,484	43	213,527
Debt service	111,683	3,424	293	—	115,400	—	115,400
Total expenditures	<u>1,459,550</u>	<u>268,584</u>	<u>201,530</u>	<u>6,652</u>	<u>1,936,316</u>	<u>145,093</u>	<u>2,081,409</u>
Excess (deficiency) of revenues over expenditures	<u>67,239</u>	<u>27,438</u>	<u>(181,173)</u>	<u>544</u>	<u>(85,952)</u>	<u>(31,628)</u>	<u>(117,580)</u>

CITY OF BOSTON, MASSACHUSETTS

**Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All
Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units (Continued)**

Year ended June 30, 1999
(in thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	Total (Memorandum Only)		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	Primary Government	Component Units	Reporting Entity
Other financing sources (uses):							
Proceeds of debt and capital leases (note 7)	\$ —	5,015	266,025	—	271,040	—	271,040
Operating transfers in (note 10)	2,391	—	—	3,413	5,804	—	5,804
Operating transfers out (note 10)		(720)	(82)	(1,589)	(2,391)	—	(2,391)
Operating transfers from component units (note 10)	18,525	—	2,000	—	20,525	(18,525)	2,000
Operating transfers to component units (note 10)	(54,340)	—	—	—	(54,340)	54,340	—
Total other financing sources (uses)	<u>(33,424)</u>	<u>4,295</u>	<u>267,943</u>	<u>1,824</u>	<u>240,638</u>	<u>35,815</u>	<u>276,453</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>33,815</u>	<u>31,733</u>	<u>86,770</u>	<u>2,368</u>	<u>154,686</u>	<u>4,187</u>	<u>158,873</u>
Fund balance (deficit), beginning of year	<u>142,844</u>	<u>61,780</u>	<u>(14,780)</u>	<u>36,021</u>	<u>225,865</u>	<u>8,210</u>	<u>234,075</u>
Fund balance, end of year	\$ <u><u>176,659</u></u>	<u><u>93,513</u></u>	<u><u>71,990</u></u>	<u><u>38,389</u></u>	<u><u>380,551</u></u>	<u><u>12,397</u></u>	<u><u>392,948</u></u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Statement of Revenues and Expenditures - Budgetary Basis

Year ended June 30, 1999

(with comparative actual amounts for 1998)

(in thousands)

1999					
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
Revenues and other available funds:					
Real and personal property taxes, net	\$ 776,588	776,588	779,656	3,068	731,872
Excises	93,358	93,358	95,657	2,299	92,826
Commonwealth of Massachusetts	485,538	486,038	494,623	8,585	450,011
Departmental and other revenue	41,424	49,726	54,137	4,411	45,431
Fines	49,075	49,075	47,473	(1,602)	46,292
Payments in lieu of taxes	33,973	33,973	35,970	1,997	29,947
Investment income	15,300	15,300	17,423	2,123	16,711
Licenses and permits	15,183	20,183	20,897	714	23,431
Sale of property	500	500	500	—	500
Other available funds	11,264	11,264	3,089	(8,175)	9,200
Total revenues and other available funds	1,522,203	1,536,005	1,549,425	13,420	1,446,221
Expenditures:					
General government	53,988	64,761	64,391	370	47,027
Human services	5,575	5,575	5,092	483	4,941
Public safety	350,268	350,921	351,854	(933)	334,319
Public works	65,306	65,486	68,489	(3,003)	61,330
Property and development	31,976	32,505	32,002	503	32,259
Parks and recreation	13,517	13,532	13,366	166	11,976
Library	24,813	27,555	27,416	139	24,515
Schools	541,387	543,380	543,373	7	507,172
Boston Public Health Commission	52,844	53,502	53,502	—	66,678
County	7,182	7,381	7,364	17	8,311
Judgments and claims	4,112	4,112	8,102	(3,990)	7,904
Other employee benefits	84,051	82,682	82,681	1	74,178
Pension costs	126,554	126,554	126,554	—	111,024
State and district assessments	65,607	65,607	65,569	38	64,187
Debt requirements	95,023	92,452	91,925	527	82,973
Total expenditures	1,522,203	1,536,005	1,541,680	(5,675)	1,438,794
Excess of revenues and other available funds over expenditures	\$ —	—	7,745	7,745	7,427

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues and Expenses and Changes in Fund Equity -
Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1999

(in thousands)

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Total (Memorandum Only)	Total (Memorandum Only)	
	Internal Service	Nonexpendable Trust	Primary Government	Component Units	Reporting Entity
Operating revenues:					
Investment income	\$ —	9,821	9,821	2,469	12,290
Net increase in the fair value of investments	—	—	—	2,353	2,353
Contributions and donations	63,754	—	63,754	19,489	83,243
Rental income	—	—	—	9,089	9,089
Miscellaneous	1,443	98	1,541	1,256	2,797
Total operating revenues	<u>65,197</u>	<u>9,919</u>	<u>75,116</u>	<u>34,656</u>	<u>109,772</u>
Operating expenses:					
Salaries and wages	—	—	—	11,080	11,080
Professional fees	—	—	—	649	649
Administrative and general	386	—	386	7,492	7,878
Materials and supplies	—	—	—	7,210	7,210
Depreciation	—	—	—	1,044	1,044
Bad debts	—	—	—	58	58
Health benefits	59,245	—	59,245	—	59,245
Capital outlays	—	—	—	4,314	4,314
Subsidies for community services, special programs and real estate operations	—	—	—	13,307	13,307
Total operating expenses	<u>59,631</u>	<u>—</u>	<u>59,631</u>	<u>45,154</u>	<u>104,785</u>
Operating income (loss)	<u>5,566</u>	<u>9,919</u>	<u>15,485</u>	<u>(10,498)</u>	<u>4,987</u>
Nonoperating revenues and expenses:					
Grant income	—	—	—	17,681	17,681
Interest income	—	—	—	1,364	1,364
Interest expense	—	—	—	(973)	(973)
Total nonoperating revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,072</u>	<u>18,072</u>
Income before operating transfers	<u>5,566</u>	<u>9,919</u>	<u>15,485</u>	<u>7,574</u>	<u>23,059</u>
Operating transfers:					
Operating transfers out (note 10)	—	(3,413)	(3,413)	—	(3,413)
Operating transfers to primary government (note 10)	—	—	—	(2,000)	(2,000)
Total operating transfers	<u>—</u>	<u>(3,413)</u>	<u>(3,413)</u>	<u>(2,000)</u>	<u>(5,413)</u>
Net income	<u>5,566</u>	<u>6,506</u>	<u>12,072</u>	<u>5,574</u>	<u>17,646</u>
Fund equity (deficit), beginning of year	<u>(10,896)</u>	<u>69,810</u>	<u>58,914</u>	<u>62,514</u>	<u>121,428</u>
Fund equity (deficit), end of year	<u>\$ (5,330)</u>	<u>76,316</u>	<u>70,986</u>	<u>68,088</u>	<u>139,074</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Changes in Plan Net Assets - Pension Trust Funds

Year ended June 30, 1999
(in thousands)

Additions:

Contributions:

Employer	\$ 138,855
Employee	67,071
Total contributions	<u>205,926</u>

Investment income:

Net appreciation in the fair value of investments	317,221
Interest	51,627
Total investment income	<u>368,848</u>

Intergovernmental	<u>23,199</u>
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Total additions	<u>597,973</u>
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Deductions:

Benefits	213,272
Refunds of contributions	21,843
Administrative expenses	1,857
Total deductions	<u>236,972</u>

Net increase	<u>361,001</u>
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Net assets held in trust for pension benefits:

Beginning of year	<u>2,411,186</u>
End of year	<u>\$ 2,772,187</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - Proprietary Fund Type, Nonexpendable Trust Funds
and Discretely Presented Component Units

Year ended June 30, 1999
(in thousands)

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Total (Memorandum Only)	Total (Memorandum Only)	
	Internal Service	Nonexpendable Trust	Primary Government	Component Units	Reporting Entity
Cash flows from operating activities:					
Operating income (loss)	\$ 5,566	9,919	15,485	(10,498)	4,987
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Reclassification of investment income	—	(9,821)	(9,821)	(2,469)	(12,290)
Depreciation and amortization	—	—	—	1,044	1,044
Net increase in fair value of investments	—	—	—	(2,353)	(2,353)
Provision for bad debts	—	—	—	58	58
Changes in operating assets and liabilities:					
Accounts receivable	103	—	103	(275)	(172)
Intergovernmental receivables	—	—	—	(5,544)	(5,544)
Other assets	—	—	—	(56)	(56)
Due (to)/from other funds	(1,390)	—	(1,390)	2,272	882
Accounts payable	352	—	352	2,228	2,580
Other accrued liabilities	(277)	—	(277)	1,255	978
Deferred revenue	—	—	—	1,896	1,896
Net cash provided (used) by operating activities	<u>4,354</u>	<u>98</u>	<u>4,452</u>	<u>(12,442)</u>	<u>(7,990)</u>
Cash flows from noncapital financing activities:					
Advances from grantors	—	—	—	17,681	17,681
Operating transfers	—	(3,413)	(3,413)	(2,000)	(5,413)
Net cash provided (used) by noncapital financing activities	<u>—</u>	<u>(3,413)</u>	<u>(3,413)</u>	<u>15,681</u>	<u>12,268</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	—	—	—	(298)	(298)
Interest paid on debt	—	—	—	(973)	(973)
Repayment of long-term debt	—	—	—	(756)	(756)
Net cash used by capital and related financing activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,027)</u>	<u>(2,027)</u>
Cash flows from investing activities:					
Purchase of investment securities	—	(6,619)	(6,619)	(10,757)	(17,376)
Proceeds from sale of investment securities	—	—	—	10,067	10,067
Investment income	—	9,821	9,821	3,833	13,654
Net cash provided by investing activities	<u>—</u>	<u>3,202</u>	<u>3,202</u>	<u>3,143</u>	<u>6,345</u>
Increase (decrease) in cash and cash equivalents	4,354	(113)	4,241	4,355	8,596
Cash and cash equivalents, beginning of year	—	635	635	8,794	9,429
Cash and cash equivalents, end of year	4,354	522	4,876	13,149	18,025
Investments, end of year	—	75,704	75,704	50,572	126,276
Total cash and investments, end of year	<u>\$ 4,354</u>	<u>76,226</u>	<u>80,580</u>	<u>63,721</u>	<u>144,301</u>

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units (Continued)

Year ended June 30, 1999
(in thousands)

Reconciliation of cash and investments to combined balance sheet:

Nonexpendable Trust Funds from previous page	\$ 76,226
Add:	
Pension Trust Funds	2,672,232
Expendable Trust Funds	<u>37,659</u>
Total Fiduciary Fund Types	<u>\$ 2,786,117</u>
Discretely Presented Component Units from previous page	\$ 63,721
Add: Governmental Fund Type Discretely Presented Component Units	<u>34,729</u>
Total Discretely Presented Component Units	<u>\$ 98,450</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

(1) Summary of Significant Accounting Policies

The accounting policies followed in preparing the accompanying general purpose financial statements are as follows:

(a) *The Financial Reporting Entity*

- (1) *General.* The City of Boston (the "City"), incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Act of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts (the "Commonwealth") which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including all operations of Suffolk County, except county courts. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

The accompanying general purpose financial statements present the City of Boston which includes Suffolk County and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

- (2) *Blended Component Unit.* The following component unit has been presented as a blended component unit (included in the primary government) because the component unit provides services almost exclusively to the primary government.

- **State-Boston Retirement System ("SBRS")** - The SBRS is a defined benefit contributory retirement system created under state statute. It is administered by a Retirement Board comprised of five members: the City Auditor, who serves as *ex-officio*; two individuals elected by participants in the system; a fourth member appointed by the Mayor and a fifth member chosen by the other members. The SBRS provides pension benefits to retired City employees.

- (3) *Discretely Presented Component Units.* These component units are reported in separate columns to emphasize that they are legally separate from the City but are included because the City is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the general purpose financial statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the total component units and to the primary government. A description of the component units, criteria for inclusion and their relationship with the City are as follows:

- **Boston Redevelopment Authority ("BRA")** - The BRA is a public body politic and corporate constituting the City's redevelopment authority and exercising the powers of a planning board for the City. The BRA is governed by a five-member board, four of whom are appointed by the Mayor. Its purpose is to provide planning support for major construction and redevelopment activity in the City.
- **Economic Development and Industrial Corporation of Boston ("EDIC")** - The EDIC is a body politic and corporate and an instrumentality of the Commonwealth. It is governed by the same persons appointed as members of the BRA board. The EDIC has various powers to assist industrial development projects in the City and together with the BRA assists the City with its economic development function.

CITY OF BOSTON, MASSACHUSETTS

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- **Boston Public Health Commission ("PHC")** - The PHC is a body politic and corporate and public instrumentality of the Commonwealth, established by Chapter 147 of the Acts of 1995. PHC is governed by a seven-member board, six of whom are appointed by the Mayor and confirmed by the City Council, and one of whom is the chief executive officer of the Boston Medical Center ("BMC"). The PHC is responsible for the implementation of public health programs in the City.
- **Trustees of the Public Library of the City of Boston ("TPL")** - The TPL is a nonprofit organization qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Trustees of TPL are appointed by the Mayor. The TPL was established to benefit the public library system of the City.

The financial statements of the component units are included for their respective fiscal year-ends, which is June 30, 1999, except for the SBRS which is December 31, 1998.

Complete financial statements of these individual component units can be obtained through the City Auditor's office, Room M-4, City Hall Plaza, Boston, Massachusetts 02201. In addition, condensed financial statements for the discretely presented component units are included in note 14.

- (4) *Related Organizations.* The Mayor is also responsible for appointing the members of the governing bodies of the Boston Housing Authority, Boston Industrial Development Finance Authority and Boston Water and Sewer Commission; however, the City's accountability for these organizations does not extend beyond making these appointments.

(b) *Basis of Presentation*

The City has elected to present the discretely presented component units using the single-column method. The operations of the discretely presented component units have been reported in the financial statements on a basis which reflects the predominant basis of accounting used by the entity.

The operations of the City and its blended component unit are recorded in the following fund types and account groups:

Governmental Fund Types

Governmental funds are used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is upon determination of changes in financial position and the flow of current financial resources. The following are the City's governmental fund types:

- **General Fund** - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to specified purposes.
- **Capital Project Funds** - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and similar trust funds).

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Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance (i.e., flow of economic resources). Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Fiduciary Fund Types

- **Trust and Agency Funds** - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent. Trust funds include expendable trust funds, nonexpendable trust funds and pension trust funds. Nonexpendable trust funds and pension trust funds are reported in a manner similar to proprietary funds (i.e., flow of economic resources measurement focus and accrual basis of accounting). Expendable trust funds are reported in a manner similar to governmental funds (i.e., flow of financial resources measurement focus and modified accrual basis of accounting). Agency funds are custodial in nature and follow the modified accrual basis of accounting but are not concerned with the measurement of results of operations.

Account Groups

Account groups are a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the governmental funds because they do not affect net expendable available financial resources. The following are the City's account groups.

- **General Fixed Assets Account Group** - This account group is used to account for fixed assets, other than those accounted for in proprietary funds and similar trust funds.
- **General Long-Term Obligations Account Group** - This account group is used to account for all long-term obligations of the City, except those accounted for in proprietary and similar trust funds.

(c) Basis of Accounting

The modified accrual basis of accounting is followed by governmental funds, expendable trust funds, and agency funds.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available to pay liabilities of the current period). Revenues not considered available are recorded as deferred revenues.

The City applies the susceptible to accrual criteria to property taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the amount of expenditures incurred. In the other, resources are virtually unrestricted and are usually revocable by the grantor only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year-end.

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Investment earnings are recorded as earned. Other revenues are recorded when received in cash because these amounts are generally not measurable until actually received.

Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued judgments and claims, abatement refunds and vacation and sick leave, which is recorded in the general long-term obligations account group.

The accrual basis of accounting is used by proprietary funds, nonexpendable trust funds and pension trust funds. Revenues are recognized when earned and expenses are recognized when goods or services have been received or a liability has been incurred.

The City and its component units have elected to apply to its proprietary funds, nonexpendable trust funds, and pension trust funds accounting standards applicable to the private sector issued on or before November 30, 1989, unless those standards conflict with or contradict pronouncements of the Governmental Accounting Standards Board.

(d) *Cash Equivalents*

For purposes of the statement of cash flows, investments with original maturities of three months or less when purchased are considered to be cash equivalents.

(e) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years without further appropriations. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year-end.

(f) *Property, Plant and Equipment*

Property, plant and equipment are stated at cost or estimated historical cost, except for infrastructure which is not capitalized. Donated fixed assets are recorded at estimated fair market value at the date donated.

(g) *Compensated Absences*

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rates of pay. The liability related to unused sick and vacation time is recorded in the general long-term obligations account group. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method). The liability for both amounts is calculated based on the pay or salary rates in effect at the balance sheet date.

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(h) *Arbitrage Rebate*

Rebatable arbitrage earnings are calculated for the City by third parties and accounted for as a liability and a reduction of investment income in the general fund. At June 30, 1999, an accumulated arbitrage rebate liability of \$1.9 million was recorded in the general fund.

(i) *Tax Abatement Refund Claims*

Certain tax abatement settlements may result in agreements to make fixed payments over a series of future years. Such future payments are recorded in the general long-term obligations account group. All other estimated tax abatement refunds have been recorded as a liability in the general fund.

(j) *Basis of Investment Valuation*

Investments are presented in the accompanying general purpose financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments of the State-Boston Retirement System which are described in note 8(f).

(k) *Reclassifications*

Certain 1998 amounts have been reclassified to conform with the 1999 presentation.

(l) *Total Columns*

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund and other eliminations have not been made.

(m) *Use of Estimates*

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) *Landfill Closure and Postclosure Care Costs*

State and federal regulations require the City to place a final cover on its Gardner Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The City determines its liability related to closure and postclosure care for the Gardner Street site based on landfill capacity used to date. At June 30, 1999, 100% of the Gardner Street landfill site had been used and had not accepted solid waste for several years. The City is in the process of covering this site in accordance with applicable laws and regulations.

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The liability for closure and postclosure care is estimated based on current cost, which is the amount that would be paid if all equipment, facilities and services included in the estimate were acquired during the current period. Such costs are recognized as expenditures to the extent that they have been paid or are expected to be paid with expendable available financial resources; the remaining liability is reported in the general long-term obligations account group. Expenditures related to the Gardner Street landfill site closure and postclosure care in fiscal 1999 were \$1.8 million.

(2) Budgetary Data

The general fund is the only fund for which a budget is legally adopted. The budgets for all departments included in the general fund of the City, except the School Department, are prepared under the direction of the Mayor and City Council.

The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are submitted by the Mayor and approved by the City Council and lapse at year-end unless encumbered. The legal level of control over appropriations is at the department level. Amendments to the original budget must be approved by the City Council, except for a reallocation of appropriations of up to \$3 million which the Mayor may approve. Further, the City Auditor, with the approval of the Mayor, may make transfers from any appropriation to any other appropriation for purposes of eliminating deficits before closing the books for the fiscal year. After the close of the fiscal year, the City Auditor may, with the approval of the Mayor, apply any income, taxes and funds not disposed of and make transfers from any appropriation to any other appropriation for the purpose of closing the accounts for the fiscal year. Supplemental appropriations, other than the aforementioned transfers, were approximately \$13.8 million for the year.

The City must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2-1/2 (note 4). The tax levy must equal the sum of (a) the aggregate of all annual appropriations for expenditures; plus (b) the reserve accounts described in the following paragraph; plus (c) provision for the prior fiscal years' deficits, if any; less (d) the aggregate of all non-property tax revenues projected to be received by the City, including available funds, in amounts certified or approved by the Commonwealth for tax rate purposes.

In accordance with the 1986 amendments to the Funding Loan Act of 1982, the City has established two reserve funds. The first is a budget reserve fund which is required to be funded in stages to a final level of 2-1/2% of the prior year's overall departmental appropriations, except the School Department, by the beginning of fiscal 1990. It is available to be applied to extraordinary and unforeseen expenditures. The second is a separate reserve fund of 1% to 2-1/2% of the current year appropriation of the School Department to be applied to overexpenditures in that department.

The City's general fund budget is prepared on a basis other than generally accepted accounting principles ("GAAP"). The "actual" results column in the Statement of Revenues and Expenditures - Budgetary Basis is presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP bases, where applicable, are that:

- (a) Real estate and personal property taxes are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget), as opposed to a reservation of fund balance (GAAP).

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Notes to General Purpose Financial Statements

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- (c) Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the general fund (budget).
- (d) Amounts raised for the prior years' deficits and available funds from prior years' surpluses are recorded as revenue items (budget), but have no effect on GAAP revenues.

In addition, there are certain differences in classifications between revenues, expenditures and transfers.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 1999 (in thousands):

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses), Net</u>	<u>Excess of Revenue and Other Financing Sources</u>
As reported on a budgetary basis	\$ 1,549,425	1,541,680	—	7,745
Adjustments:				
Revenues to modified accrual basis	17,305	—	—	17,305
Expenditures, encumbrances and accruals, net	—	(8,765)	—	8,765
Reclassifications:				
Parking meter revenue and expenditures to a special revenue fund	(1,500)	(1,500)	—	—
Debt service expenditures	431	19,758	19,327	—
State-funded teachers' retirement costs	(37,283)	(37,283)	—	—
Trust fund revenue	(1,589)	—	1,589	—
Public Health Commission appropriation (note 12)	—	(54,340)	(54,340)	—
As reported on a GAAP basis	\$ <u>1,526,789</u>	<u>1,459,550</u>	<u>(33,424)</u>	<u>33,815</u>

(3) Cash and Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits, including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, bankers' acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust ("MMDT"), a mutual fund managed for the Commonwealth of Massachusetts.

The City's pension and certain other trust funds have additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

CITY OF BOSTON, MASSACHUSETTS

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June 30, 1999

(a) Deposits

The City categorized deposits according to the level of risk assumed. Category 1 includes deposits which are fully insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 includes those deposits that are not collateralized. The City's deposits at June 30, 1999 are as follows (in thousands):

		<u>Category</u>			<u>Total Bank</u>	<u>Carrying</u>
		<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Total cash deposits	\$	<u>5,030</u>	<u>35,429</u>	<u>78,178</u>	<u>118,637</u>	<u>125,239</u>

(b) Investments

The City and SBRS categorize investments according to the level of risk assumed. Category 1 includes investments that are insured or registered or held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent but not in the entity's name. MMDT, other mutual funds, venture capital funds and real estate investments are not categorized. The City's investments are as follows (in thousands):

<u>Primary Government -</u> <u>June 30, 1999</u>		<u>Category</u>			<u>Estimated</u>
		<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair</u> <u>Value</u>
Categorized:					
Repurchase agreements	\$	—	264,489	—	264,489
U.S. Government obligations		—	7,450	11,690	19,140
Debt securities		—	18,172	7,467	25,639
Equity securities		<u>40</u>	<u>14,332</u>	<u>41,768</u>	<u>56,140</u>
	\$	<u>40</u>	<u>304,443</u>	<u>60,925</u>	365,408
Not categorized:					
MMDT					<u>252,840</u>
					\$ <u>618,248</u>
 <u>SBRS -</u> <u>December 31, 1998</u>					
Categorized:					
Short-term investments	\$	—	34,236	—	34,236
U.S. Government obligations		—	74,468	—	74,468
U.S. Government agency obligations		—	3,105	—	3,105
Equity securities		—	1,662,029	—	1,662,029
Debt securities		<u>—</u>	<u>702,698</u>	<u>—</u>	<u>702,698</u>
	\$	<u>—</u>	<u>2,476,536</u>	<u>—</u>	2,476,536
Not categorized:					
MMDT					22,371
Real estate					118,924
Venture capital funds					<u>18,670</u>
					\$ <u>2,636,501</u>

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Notes to General Purpose Financial Statements

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The composition of the City's bank deposits and investments fluctuates depending primarily on the timing of real estate tax receipts, proceeds from borrowings, collection of state and federal aid and capital outlays throughout the year.

(4) Property Taxes

Real and personal property taxes are based on values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the modified accrual basis of accounting, described in note 1(c).

The City bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. On November 29, 1999, all properties with unpaid fiscal 1999 property taxes were lienied. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2-1/2" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2-1/2 limits the total levy to an amount not greater than 2-1/2% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2-1/2% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2-1/2 can be overridden by a City-wide referendum.

(5) Property, Plant and Equipment

The following is a summary of changes in the General Fixed Assets Account Group (in thousands):

	Balance, June 30, 1998	Additions	Disposals	Balance, June 30, 1999
Land and buildings	\$ 541,380	74,500	—	615,880
Furniture and fixtures	34,542	1,026	(458)	35,110
Vehicles and maintenance equipment	78,760	20,728	(8,390)	91,098
Machinery and equipment	<u>67,524</u>	<u>21,063</u>	<u>(4,451)</u>	<u>84,136</u>
General fixed assets	\$ <u>722,206</u>	<u>117,317</u>	<u>(13,299)</u>	<u>826,224</u>

No accumulated depreciation is recorded in the General Fixed Assets Account Group.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

(6) Interfund Receivable and Payable Balances

Individual fund and discrete component unit receivable and payable balances at June 30, 1999, are as follows (in thousands):

<u>Interfund Balances</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 66,931	9,987
Special Revenue:		
City Funds	1,660	—
Revolving Funds	343	—
Schools	234	21,501
CDBG	—	1,343
Home Bill Program	—	698
Building Loan Program	—	256
HUD Grants	—	861
Capital Projects:		
Departmental Equipment	1,056	352
School Projects	—	14,421
Public Buildings	2,756	6,049
Hospital Facilities	—	8,644
Parks and Recreation	150	733
Public Works	354	3,043
Public Ways	2,624	6,056
Financial Systems	—	2,685
Urban and Economic Development	—	225
Internal Service:		
Blue Cross/Blue Shield	754	—
Trust and Agency:		
BRS	56	—
City Funds	—	48
School Funds	—	1
George Robert White Fund	—	15
Balance at June 30, 1999	<u>76,918</u>	<u>76,918</u>
SBRS at December 31, 1998	<u>59,568</u>	<u>—</u>
Balances in accompanying general purpose financial statements	\$ <u>136,486</u>	<u>76,918</u>
 <u>Discrete Component Unit Balances</u>		
Primary Government:		
General	\$ 171,642	—
Special Revenue	300	—
Capital Projects	1,625	545
Discretely Presented Component Units:		
PHC	545	170,770
TPL	<u>1,370</u>	<u>4,167</u>
Balances in accompanying general purpose financial statements	\$ <u>175,482</u>	<u>175,482</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

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(7) Long-Term Obligations

Governmental Fund Obligations

Following is a summary of the general long-term obligations of the City as of June 30, 1999 (in thousands):

	<u>Interest Rates</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, End of Year</u>
Bonds and Notes Payable:					
General Obligation Bonds dated 10/15/98	3.25-5.0%	\$ —	120,000	—	120,000
General Obligation Refunding Bonds dated 4/15/98	4.5-5.25%	77,855	—	1,985	75,870
General Obligation Bonds dated 1/15/98	4.5%	90,000	—	7,595	82,405
General Obligation Bonds dated 11/15/96	5.0%	82,800	—	7,200	75,600
General Obligation Bonds dated 10/15/95	5.0-5.25%	64,900	—	4,500	60,400
General Obligation Bonds dated 9/1/94	5.0-6.0%	52,460	—	4,160	48,300
General Obligation Refunding Bonds dated 2/1/94	4.0-5.0%	73,015	—	4,035	68,980
General Obligation Bonds dated 9/1/93	4.0-4.875%	43,380	—	1,825	41,555
General Obligation Refunding Bonds dated 2/1/93	3.0-5.65%	86,225	—	1,390	84,835
General Obligation Bonds dated 2/15/92	4.75-6.5%	14,290	—	2,545	11,745
General Obligation Refunding Bonds dated 5/15/91	5.5-10.0%	30,720	—	5,155	25,565
General Obligation Bonds dated 5/15/91	5.5-6.1%	5,030	—	4,140	890
General Obligation Bonds dated 1/1/90	6.25-7.375%	11,505	—	5,755	5,750
General Obligation Bonds dated 3/1/89	7.1-7.5%	4,725	—	4,725	—
General Obligation Bonds dated 7/7/88	6.4-7.3%	4,050	—	2,355	1,695
General Obligation Refunding Bonds dated 8/15/86	6.3-7.25%	11,670	—	4,715	6,955
Bearer Bonds dated 11/1/66 through 5/1/79	0.25-8.0%	1,895	—	1,420	475
Notes payable	5.44-7.18%	40,985	5,015	820	45,180
Total general obligation bonds and notes payable		695,505	125,015	64,320	756,200
Bond Anticipation Notes dated 5/1/99	4.0%	—	130,000	—	130,000
MWPAT Note Payable	1.485%	—	1,525	—	1,525
Revenue Refunding Bonds, Boston City Hospital, Series B, dated 6/1/93	3.60-5.25%	158,390	—	4,105	154,285
Total bonds and notes payable		853,895	256,540	68,425	1,042,010
Other long-term obligations:					
Leases		\$ 21,384	14,500	10,883	25,001
Tax abatement refunds		2,000	—	2,000	—
Judgments and claims		16,405	30,589	29,599	17,395
Sick and vacation, net		88,011	4,713	—	92,724
Landfill closure and postclosure costs		22,405	—	1,781	20,624
Total other long-term obligations		150,205	49,802	44,263	155,744
Total general long-term obligations		\$ 1,004,100	306,342	112,688	1,197,754

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

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The annual debt service requirements of the City's general obligation governmental bonds and notes payable outstanding as of June 30, 1999, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2000	\$ 88,025	36,125	124,150
2001	66,850	32,435	99,285
2002	65,003	29,188	94,191
2003	62,527	26,033	88,560
2004	58,953	23,024	81,977
2005-2009	214,032	77,533	291,565
2010-2014	147,575	31,351	178,926
2015-2019	<u>53,235</u>	<u>5,125</u>	<u>58,360</u>
	\$ <u>756,200</u>	<u>260,814</u>	<u>1,017,014</u>

General obligation bonds are backed by the full faith and credit of the City. The Commonwealth has approved school construction assistance, subject to annual appropriation by the state legislature and reports filed with the Commonwealth by the City, to partially provide resources for future principal and interest requirements on general obligation school bonds of the City. In addition, the Boston Water and Sewer Commission ("BWSC") is required by its enabling legislation to reimburse the City for future principal and interest requirements on the general obligation water and sewer bonds. As of June 30, 1999, such resources expected to be provided to the City total \$228 million from the Commonwealth and \$55 thousand in principal and interest from the BWSC.

On May 1, 1999, the City issued \$130,000,000 in bond anticipation notes ("BANs") to fund site acquisition and preparation costs for the Boston Convention Center. The City will pay annual interest on the BANs of \$5,200,000 for three years, beginning in fiscal 2000. The BAN principal matures in fiscal 2002 at which time the City is expected to issue general obligation bonds to refund the BANs.

On January 15, 1999, the City entered into an interim loan note agreement with the Massachusetts Water Pollution Abatement Trust ("MWPAT") for \$3.75 million to be used for costs related to the City's Gardner Street Landfill closure and postclosure monitoring activities. As of June 30, 1999, the City has received approximately \$1.5 million of these loan proceeds, which are received on a reimbursement basis as expenditures are incurred. Subsequent to year-end, the City entered into \$13.4 million in permanent loan agreements with MWPAT. At this time, the interim notes were cancelled and the debt was incorporated into the permanent loan schedules.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

The annual debt service requirements of the City's Revenue Refunding Bonds, Boston City Hospital, Series B, outstanding as of June 30, 1999, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2000	\$ 4,310	8,672	12,982
2001	4,395	8,456	12,851
2002	4,485	8,232	12,717
2003	4,735	7,994	12,729
2004	4,985	7,739	12,724
2005-2009	18,990	35,284	54,274
2010-2014	37,110	30,177	67,287
2015-2019	—	21,642	21,642
2020-2024	<u>75,275</u>	<u>17,313</u>	<u>92,588</u>
	\$ <u>154,285</u>	<u>145,509</u>	<u>299,794</u>

The revenue refunding bonds do not constitute general obligations of the City and the annual debt service of these bonds has been assumed by the Boston Public Health Commission. The Boston Public Health Commission expects to meet its obligation on the bonds through application of a portion of the rent payable to the Boston Public Health Commission by the Boston Medical Center Corporation (BMC) for its lease of the former Boston City Hospital. As a result of the consolidation (note 12), on July 1, 1996, the City received \$16.28 million, representing debt service reserve on these bonds. It was recorded as proceeds of debt in the capital projects fund and subsequently transferred to the general fund for future debt service requirements. Under certain circumstances, including a default by BMC under the lease, City revenues may be required to satisfy the debt service requirements on the Series B bonds (see note 12).

The Boston Public Health Commission (see note 12) has assumed responsibility for paying to the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes which amounted to \$30.2 million at June 30, 1999.

The City is subject to a dual general debt limit; the normal debt limit and the double debt limit. Such limits are equal to 2-1/2% and 5%, respectively, of the valuation of taxable property in the City as last equalized by the State Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations.

As of June 30, 1999, the City may issue \$896.4 million of additional general obligation debt under the double debt limit. General obligation debt of \$332.8 million, subject to the debt limit, and \$385.1 million, exempt from the debt limit, is authorized but unissued as of June 30, 1999.

The City pays assessments to the Massachusetts Bay Transit Authority ("MBTA") under formulas that include debt service payments (commonly referred to as overlapping debt). At June 30, 1999, the MBTA had \$345.6 million in long-term debt outstanding, of which the City's estimated share was approximately 42.87%, or \$148.2 million.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

Fiduciary Fund Obligations

Following is a summary of the long-term obligations of the Neighborhood Housing trust fund as of June 30, 1999 (in thousands):

	<u>Interest Rates</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, End of Year</u>
Notes payable due through 4/24/03	Various	\$ <u>2,248</u>	<u>—</u>	<u>1,360</u>	<u>888</u>

The future annual debt principal payments for fiduciary fund long-term debt outstanding at June 30, 1999, are as follows (in thousands):

Year ending June 30:	
2000	\$ 409
2001	196
2002	215
2003	<u>68</u>
	\$ <u>888</u>

Defeased Debt

The following prior year transactions met the requirements of an in-substance defeasance:

- On May 12, 1998, the City issued \$77.9 million in General Obligation Bonds, dated April 15, 1998, of which \$62.9 million was used to advance refund \$58.0 million of 1989, 1990, 1992 and 1994 Series Bonds.
- On August 15, 1995, the City entered into a \$20.8 million Equipment Lease with Option to Purchase agreement to refinance \$20.76 million of equipment leases executed in fiscal years 1995 and 1996.
- On February 9, 1994, the City issued \$85.9 million in General Obligation Bonds, dated February 1, 1994, to advance refund \$74.3 million of 1985, 1986, 1988, 1989, 1990 and 1991 Series Bonds.
- On June 8, 1993, the City issued \$187.7 million in refunding bonds - Boston City Hospital - Series B, dated June 1, 1993 with an average interest rate of 5.5% to advance refund \$169.3 million of other revenue bonds - Boston City Hospital - Series A.
- On February 10, 1993, the City issued \$92.3 million in General Obligation Bonds, dated February 1, 1993, to advance refund \$80.5 million of 1983, 1986, 1988, 1989 and 1992 Series bonds.

The principal amount of debt refunded through in-substance defeasance transactions and still outstanding at June 30, 1999 was \$262.4 million.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

Lease Obligations

The City has entered into various capital lease agreements for equipment acquisition. Payments under these agreements are subject to annual appropriation and, by statute, are not included in the City's debt limit calculations. Activity in capital lease agreements during fiscal year 1999 was as follows (in thousands):

<u>Date of issuance</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding, End of Year</u>
August 15, 1995	\$ 2,362	—	1,375	987
August 15, 1995	2,007	—	1,270	737
December 17, 1997	6,350	—	3,117	3,233
November 10, 1997	6,692	—	2,343	4,349
June 25, 1998	3,973	—	592	3,381
August 25, 1998	—	10,164	1,907	8,257
March 18, 1999	—	4,336	279	4,057
	\$ <u>21,384</u>	<u>14,500</u>	<u>10,883</u>	<u>25,001</u>

Future minimum payments under capital leases and installment sales as of June 30, 1999, are as follows (in thousands):

2000	\$ 10,631
2001	7,376
2002	4,142
2003	2,288
2004	1,772
Thereafter	809
Total minimum lease payments	<u>27,018</u>
Less amount representing interest	<u>(2,017)</u>
	\$ <u>25,001</u>

The City's commitment under operating leases is not significant.

No Obligation Debt

The City has outstanding industrial, commercial and housing development bonds, payable solely from revenues of the respective enterprises that do not constitute an indebtedness of the City and are not a charge against its general credit.

(8) Retirement Plans

(a) *Plan Description*

The City contributes to the State-Boston Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws ("MGL") assigns authority to establish and amend benefit provisions of the plan to the state legislature.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

The System is administered by a five-person Board of Retirement consisting of the City Auditor who serves as a member *ex officio*, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor and a fifth member chosen by the other members.

The System issues a publicly available financial report which can be obtained through the State-Boston Retirement System, Boston City Hall, Room 816, Boston, Massachusetts 02201.

The City also participates in the Boston Retirement System ("BRS") and made benefit payments of approximately \$5.3 million for the year ended June 30, 1999. The number of BRS plan participants was frozen in 1946. Disclosures for BRS are not material and, thus, are not presented.

(b) Membership

Membership in the System consisted of the following at January 1, 1999, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	13,526
Terminated plan members entitled to but not receiving benefits	2,603
Active plan members	<u>21,634</u>
Total membership	<u><u>37,763</u></u>
Total number of participating employers	<u><u>5</u></u>

(c) Contributions

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5%-9% of their regular gross compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining system-wide actuarially determined contribution, which is apportioned among the employers based on active covered payroll. The Commonwealth of Massachusetts (the "Commonwealth") reimburses the City for benefits paid to school teachers. The Commonwealth also reimbursed the System for a portion of benefit payments for cost of living increases granted before July 1, 1998. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City's required and actual contributions to the System for the years ended June 30, 1999, 1998 and 1997 were \$119 million, \$105 million and \$99 million or, \$82 million, \$70 million and \$65 million, net of teachers' retirement, respectively.

During the fall of 1997 the System's Retirement Board, the City Council and the Mayor approved the option for local funding of cost of living adjustments. As a result, effective in fiscal 1999, a locally funded cost of living adjustment of 3.0% on the first \$12,000 of a retiree's annual payment was awarded. These cost of living adjustments will be awarded automatically each year, except in years in which the Retirement Board determines that such an adjustment would substantially impair the funding schedule.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

(d) Legally Required Reserve Accounts

The balances in the System's legally required reserves (on the statutory basis of accounting) at December 31, 1998 are as follows (in thousands):

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund	\$ 830,393	Active members' contribution balance
Annuity Reserve Fund	227,938	Retired members' contribution account
Military Service Credit	57	Members' contribution account while on military leave
Pension Reserve Fund	854,458	Amounts appropriated to fund future retirement benefits
Pension Fund	<u>782,842</u>	Remaining net assets
	<u>\$ 2,695,688</u>	

All reserve accounts are funded at levels required by State statute.

(e) Investment Concentration

There were no investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of plan net assets.

(f) Valuation of Investments

Investments of the System are stated as follows:

- (a) Bonds are stated at quoted market value.
- (b) Equity securities are stated at quoted market value.
- (c) Real estate funds are stated at appraised value or partner's account value, whichever is more readily determinable.
- (d) Venture capital funds are stated at contributed cost or fair market value, whichever is more readily determinable.
- (e) International investments are stated at quoted market value and are included in equities and fixed income categories.
- (f) Cash is stated at carrying amount which is reconciled book balance.

(9) Other Post-employment Benefit Disclosures

In addition to the pension benefits described in note 8, the City provides post-retirement health care and life insurance benefits, in accordance with state statute and City ordinance, to eligible retirees. Approximately 12,600 retirees meet the eligibility requirements as put forth in Chapter 32B of Massachusetts General Laws. The City pays 75% of Blue Cross/Blue Shield of Massachusetts ("BC/BS") premiums and 90% of HMO premiums for medical and hospitalization incurred by retirees and their dependents. The City also pays 75% of BC/BS Medicare premiums for each Medicare eligible retiree. The City provides for 50% of the premiums for \$5,000 of life insurance for each eligible retiree.

Expenditures of approximately \$34 million for health care and life insurance benefits for retirees are accounted for on a pay-as-you-go basis in fiscal 1999.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

(10) Operating Transfers

Operating transfers and their purposes during the year were as follows (in thousands):

	Transfers In (Out)					Discretely Presented	
	General	Special Revenue	Capital Projects	Trust Funds		Component Units	
				Expendable	Nonexp.	PHC	TPL
Primary government:							
Debt service	\$ 802	(720)	(82)	—	—	—	—
Trust funds	<u>1,589</u>	<u>—</u>	<u>—</u>	<u>1,824</u>	<u>(3,413)</u>	<u>—</u>	<u>—</u>
	<u>2,391</u>	<u>(720)</u>	<u>(82)</u>	<u>1,824</u>	<u>(3,413)</u>	<u>—</u>	<u>—</u>
Discretely presented component unit:							
Debt reimbursement	18,525	—	—	—	—	(18,525)	—
Operating subsidy	<u>(54,340)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>54,340</u>	<u>—</u>
Capital improvements	<u>—</u>	<u>—</u>	<u>2,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,000)</u>
	<u>(35,815)</u>	<u>—</u>	<u>2,000</u>	<u>—</u>	<u>—</u>	<u>35,815</u>	<u>(2,000)</u>
	\$ <u>(33,424)</u>	<u>(720)</u>	<u>1,918</u>	<u>1,824</u>	<u>(3,413)</u>	<u>35,815</u>	<u>(2,000)</u>

(11) Fund Deficits and Excess of Expenditures

The following funds had deficit equity balances at June 30, 1999 (in thousands):

Special revenue:	
Building loan program	\$ 256
C.D.B.G.	2,534
Home Bill program	493
HUD grants	<u>2,461</u>
	\$ <u>5,744</u>
Capital projects:	
Public works	\$ 2,689
Chapter 90 public ways	3,432
School projects	16,237
Financial system	4,428
Parks and recreation	583
Public buildings	2,136
Hospital facilities	10,654
Urban and Economic Development	<u>225</u>
	\$ <u>40,384</u>
Internal Service:	
Health insurance	\$ <u>5,330</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 1999 in the following categories (in thousands):

General Government:	
Management and information	\$ 1,392
Employee benefits:	
Medicare payments	43
Workers' compensation	562
Public safety:	
Fire	1,763
Public works:	
Snow removal	3,157
Judgments and claims	3,990
State and district assessments:	
MBTA Assessments	213
City debt requirements/interest payments	<u>4</u>
	\$ <u>11,124</u>

The excess expenditures reported above are allowed under the budgetary laws governing the City. Income, taxes and funds not disposed of at June 30, 1999 cover the above expenditure deficits.

(12) Public Health System

Effective July 1, 1996, the City's Department of Health and Hospitals and Trustees of Health and Hospitals, a component unit, were abolished. Substantially all their assets and liabilities, including title to the City's two hospitals, Boston City Hospital ("BCH") and Boston Specialty and Rehabilitation Hospital ("BSRH"), were transferred to and assumed by the Boston Public Health Commission ("PHC").

Also effective July 1, 1996, the operations of BCH and BSRH were consolidated with the operations of the Boston University Medical Center under the licensure and control of the Boston Medical Center Corporation ("BMC").

The PHC receives the majority of its funding from federal and state grants, lease agreements with BMC and a City appropriation. During fiscal 1999, the City appropriated \$53.5 million to the PHC. As described below, the PHC uses the appropriation to pay debt service on certain general obligation bonds, base assistance grant payments to BMC and a portion of the consolidation costs to BMC. The remainder of the appropriation is used for administrative purposes and to support the various public health programs run by the PHC. The City has budgeted \$57.5 million for the PHC for fiscal 2000.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

Due from PHC/BMC

On July 1, 1996, the PHC assumed a liability of \$149.8 million for a mortgage note (the "Note") held by a trustee and insured by the Federal Housing Authority ("FHA"), the balance of which is \$140.4 million at June 30, 1999. Payments made by the PHC on this Note are used, together with other funds held in trust, by the trustee to pay off the outstanding balance of \$154.3 million of the City's revenue refunding bonds dated June 1, 1993 (see note 7). The PHC receives funding for these Note payments from the BMC under a lease agreement whereby the BMC leases portions of the former BCH for an initial period of 50 years. Rental payments received under this lease are equal to the debt service costs on the Note and on all City general obligation bonds allocable to BCH. These general obligation bonds were issued by the City between December 1967 and October 1995 and total \$30.2 million at June 30, 1999. These bonds pertain to the property and operations of the BCH Campus, South Block Campus, BSRH Campus, Emergency Medical Services Operations and the Long Island Campus.

In addition, the PHC and BMC are also responsible for reimbursing the City for health insurance, equipment lease payments, workers' compensation, telephone, xerox, gasoline and other miscellaneous expenses paid for by the City.

Payments to BMC

Under the terms of the consolidation agreement, the PHC is obligated to pay BMC \$1.0 million per year for five (5) years, beginning on July 1, 1996, to subsidize the costs of consolidation. If after 5 years, total consolidation costs total less than \$10.0 million, the PHC is entitled to a rebate in an amount that will bring the PHC's share of these costs to 50%.

In addition, the PHC is obligated to make base assistance grant payments to BMC totaling \$31.0 million for fiscal years 1997 through 2000. For years after 2000, PHC will pay \$12.0 million each year until the FHA Note has been paid off (scheduled in 2020). The total base assistance grant payments for fiscal 1999 were \$8.0 million.

During each of the four (4) fiscal years immediately following the consolidation, the City is required to provide a capital contribution to the BMC to defray a portion of the cost of capital improvements and capital needs relating to the activities conducted at, and the use of, the BCH campus leased by the BMC. The aggregate annual capital contribution shall not exceed \$8.0 million in fiscal 1997, \$7.0 million in fiscal 1998, \$6.0 million in fiscal 1999 and \$4.0 million in fiscal 2000. If payments in any fiscal year are less than the amount specified, the amount of the shortfall will be added to the aggregate contribution during the subsequent year. Because the City did not pay any capital contribution costs in fiscal 1997, the aggregate total for that year was added to the fiscal 1998 contribution. Fiscal 1998 and fiscal 1999 contributions made by the City totaled \$8.1 million and \$11.2 million, respectively.

During fiscal year 1997, the City deposited \$8.0 million of unexpended general obligation debt proceeds into an escrow account which were used during fiscal years 1997 and 1998 to complete capital projects on the property leased by BMC.

In addition, during fiscal 1997, the City made \$20.0 million in contributions to a capital fund in support of the Boston HealthNet health center members. The BMC is expected to provide \$2.0 million in each of the six (6) years following the consolidation in additional support to the Boston HealthNet health center members.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

(13) Risk Management

The City is self insured for general liability, property and casualty (except for boiler and machinery losses up to \$1 million), worker injury, unemployment and certain employee health claims. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations, with exposure limited by a state tort cap under Chapter 258 of the Massachusetts General Laws. Except for certain health care costs described below, judgments and claims are charged to the general fund.

The City's health insurance program, administered by the Health Insurance and Benefits Division, a program within Human Resources, provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations ("HMO") and Blue Cross/Blue Shield of Massachusetts ("BC/BS"). Costs to the City for the HMOs, of which 10% is paid by employees, are accounted for in the general fund and are capped at a defined premium payment per employee.

BC/BS acts as a third party agent for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans, of which 25% is paid by employees, are accounted for in a separate health insurance internal service fund. These costs are contained on an individual case basis by a commercial insurance policy capping costs at \$175 thousand per case.

The City has implemented a comprehensive risk financing strategy that includes establishing a catastrophic risk reserve, currently with a \$1.7 million balance, and making efforts to maximize the receipt of federal disaster funds. On July 1, 1998, the City's first property insurance policy went into effect -- a three-year, all-risk catastrophic policy covering all City property assets up to \$1 billion, after a \$10 million retention. Any boiler and machinery-related property loss is insured, after a \$10,000 deductible, for up to \$1 million.

The City has established a liability based on historical trends of previous years and attorney's estimates of pending matters and lawsuits in which the City is involved. Changes in the self insurance liability for the fiscal years ended June 30, 1999 and 1998 are as follows (in thousands):

	1999		1998	
	Internal Service Fund	General Long-Term Obligations Account Group	Internal Service Fund	General Long-Term Obligations Account Group
Judgments and claims, beginning of year	\$ 10,017	16,405	11,192	30,500
Incurred claims	58,884	30,589	59,470	12,517
Payments of claims attributable to events of both the current and prior fiscal years:				
Health and life	(59,161)	—	(60,645)	—
Workers' compensation	—	(21,588)	—	(18,530)
Unemployment compensation	—	(426)	—	(665)
Court judgments	—	(7,585)	—	(7,417)
	<u>(59,161)</u>	<u>(29,599)</u>	<u>(60,645)</u>	<u>(26,612)</u>
Judgments and claims, end of year	\$ <u>9,740</u>	<u>17,395</u>	<u>10,017</u>	<u>16,405</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

There are numerous pending matters and lawsuits in which the City is involved. The City attorneys estimate that the potential claims against the City not recorded in the accompanying general purpose financial statements resulting from such litigation would not materially affect the general purpose financial statements.

(14) Discretely Presented Component Units

The following presents condensed financial statements for each of the discretely presented component units:

Condensed Balance Sheet

June 30, 1999
(in thousands)

	<u>PHC</u>	<u>BRA</u>	<u>TPL</u>	<u>EDIC</u>	<u>Total</u>
Assets:					
Current assets	\$ 22,186	91,217	58,300	31,676	203,379
Due from BMC	158,421	—	—	—	158,421
Property, plant and equipment	19,569	963	922	23,691	45,145
Amounts to be provided	<u>170,607</u>	<u>2,660</u>	<u>—</u>	<u>—</u>	<u>173,267</u>
Total assets	\$ <u>370,783</u>	<u>94,840</u>	<u>59,222</u>	<u>55,367</u>	<u>580,212</u>
Liabilities:					
Current liabilities	\$ 3,775	64,467	3,300	5,700	77,242
Accrued liabilities	5,026	3,448	—	2,434	10,908
Due to BMC	6,544	—	—	—	6,544
Due to primary government	170,770	—	2,797	—	173,567
Deferred revenue	158,608	18,581	1,993	9,847	189,029
Bonds and notes payable	—	1,475	—	19,508	20,983
Total liabilities	<u>344,723</u>	<u>87,971</u>	<u>8,090</u>	<u>37,489</u>	<u>478,273</u>
Equity:					
Investment in general fixed assets	19,569	963	922	—	21,454
Retained earnings	—	—	—	17,878	17,878
Fund balances	<u>6,491</u>	<u>5,906</u>	<u>50,210</u>	<u>—</u>	<u>62,607</u>
Total equity	<u>26,060</u>	<u>6,869</u>	<u>51,132</u>	<u>17,878</u>	<u>101,939</u>
Total liabilities and equity	\$ <u>370,783</u>	<u>94,840</u>	<u>59,222</u>	<u>55,367</u>	<u>580,212</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1999

Condensed Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 1999
(in thousands)

	<u>PHC</u>	<u>BRA</u>	<u>Total</u>
Revenues	\$ 51,252	62,213	113,465
Expenditures:			
Operating and other	83,395	61,655	145,050
Capital outlay	<u>—</u>	<u>43</u>	<u>43</u>
Excess of revenues over (under) expenditures	(32,143)	515	(31,628)
Transfers to primary government	(18,525)	—	(18,525)
Transfers from primary government	<u>54,340</u>	<u>—</u>	<u>54,340</u>
Net changes in fund balance	3,672	515	4,187
Fund balance, beginning of year	<u>2,819</u>	<u>5,391</u>	<u>8,210</u>
Fund balance, end of year	\$ <u>6,491</u>	<u>5,906</u>	<u>12,397</u>

Condensed Statement of Revenues, Expenses and Changes in Fund Equity

Year ended June 30, 1999
(in thousands)

	<u>TPL</u>	<u>EDIC</u>	<u>Total</u>
Operating revenues	\$ 24,549	10,107	34,656
Operating expenses:			
Depreciation	—	1,044	1,044
Other	<u>20,044</u>	<u>24,066</u>	<u>44,110</u>
Operating income (loss)	4,505	(15,003)	(10,498)
Other nonoperating revenues	—	18,072	18,072
Transfers to primary government	<u>(2,000)</u>	<u>—</u>	<u>(2,000)</u>
Net income	2,505	3,069	5,574
Fund equity, beginning of year	<u>47,705</u>	<u>14,809</u>	<u>62,514</u>
Fund equity, end of year	\$ <u>50,210</u>	<u>17,878</u>	<u>68,088</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(15) Designations of Fund Equity

Fund balance designations have been established for the PHC to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or for equipment replacement.

Designations at June 30, 1999 include (in thousands):

Infrastructure	\$ 1,300
Property repairs	900
Program contingencies	<u>900</u>
	\$ <u>3,100</u>

(16) Subsequent Event

On August 30, 1999, the Boston Public Library received a commitment for a state grant of approximately \$15 million. The purpose and intended use of this grant is to reimburse the City for expenditures relating to the restoration of the historic McKim Building.

CITY OF BOSTON, MASSACHUSETTS

Required Supplementary Information Year 2000 Disclosures (Unaudited)

Status of Year 2000 Technology Issues

The "Year 2000 problem" refers to the potential inability of many computer programs, electronic data processing systems and equipment with embedded microchips to function properly due to certain date-related programming conventions. The most significant of these problems arises because many existing computer programs use only the last two digits to refer to a year. Therefore, these computer programs may recognize a date using 00 as the year 1900 rather than the year 2000. The Year 2000 problem could, if not corrected, result in system failures or miscalculations causing disruptions in operations and normal business activities.

The City began addressing the Year 2000 issue in 1995 and made plans for major hardware and software operating system replacements in 1996. The City's Year 2000 Project has been ongoing since that time. On January 21, 1999, Mayor Thomas M. Menino signed an Executive Order making Year 2000 readiness a top priority of his Administration. The delivery of mission-critical City services to Boston's residents, the business community and visitors before, on and after January 1, 2000 is a primary objective of this Administration.

The City's Management and Information Services (MIS) Department is responsible for citywide Year 2000 coordination which includes working closely with other City Departments on their respective Year 2000 readiness efforts, as well as the remediation of inter-departmental systems. MIS is responsible for approximately seventy mission-critical and business-critical systems, which are used by various City Departments. All of the City's mission-critical and business-critical systems have been remediated, re-coded or replaced where necessary, and the City reached its target date of July 1999 for Year 2000 readiness in all mission-critical and business-critical systems. All other systems are scheduled to be Year 2000 ready by or before December 31, 1999.

The City's Year 2000 team consists of senior executives, Department Heads, directors, programmers, analysts, staff assistants and private contractors. The team is led by an executive-level Oversight Committee consisting of the Chief Operating Officer, the Chief Financial Officer and the Director of MIS. This Oversight Committee works with the Mayoral Cabinet and meets with City Department Heads to monitor the City's Year 2000 progress. In order to ensure that the City is on schedule with its Year 2000 readiness efforts, the Oversight Committee also meets regularly to discuss and review ongoing Year 2000 issues and departmental progress, and to identify and target problem areas.

The MIS Department's in-house Year 2000 Program Management Team works in conjunction with the Oversight Committee and consists of the Director of MIS, the Director of Information Technology, Information Technology Analysts, a representative from the Boston Emergency Management Agency (BEMA) and administrative staff. Information Technology Analysts have been assigned to each department to assist Department Heads and their staff with their respective Year 2000 readiness responsibilities and to ensure that the departmental readiness efforts are on track.

The mainframe platform that runs most of the City's major line of business applications was brought into compliance in July 1997. Currently the City is implementing the Boston Administrative Information Systems Project, an Enterprise Resource Planning system that will replace existing legacy financial and human resource applications, significantly improving their functionality and efficiency. The financial component of this application was implemented in July 1999 and the human resources component is scheduled for implementation by December 31, 1999. As of December 1, 1999, all components of human resources were implemented with the exception of the time and labor and payroll components for the Boston Public Schools. The Boston Public Schools implementation is scheduled for mid-January 2000. The City's existing legacy financial and human resource systems have been re-coded for Year 2000 readiness and testing has been completed. The legacy system will be used to process payroll for the Boston Public Schools.

CITY OF BOSTON, MASSACHUSETTS

Required Supplementary Information Year 2000 Disclosures (Unaudited)

The City has organized Task Forces to work cross-institutionally in the following sectors: Public Safety, Facilities, Finance/Banking, Human Services, Public Awareness and Emergency Management. These Task Forces are resources for City Departments and help to validate each department's Year 2000 effort. In February 1999, the City hired a contractor to assist City personnel in evaluating and assessing embedded processors found in mission-critical systems. An assessment report outlining the embedded process systems was completed in May 1999.

To date, the City has expended \$33.0 million on Year 2000 remediation on some core systems and replacement of others. An additional \$10.8 million has been appropriated for fiscal 2000.

The City is working diligently to address the Year 2000 problem and is making every effort to be ready for the new millennium. The City is optimistic that the transition into the millennium will go smoothly, with few, if any, disruptions. However, due to the inherent difficulty of the task, the City cannot provide complete assurance that the Year 2000 problem will not cause some disruptions in operations or financial activities. Additionally, although the City is monitoring the remediation activities of other organizations with which it transacts business or conducts operations, failures by these organizations to resolve their Year 2000 problems could also cause disruptions to the City's operations or financial activities. Accordingly, contingency plans for all mission-critical and business-critical systems have been developed. These contingency plans were refined in October 1999 and were approved by Department Heads on December 1, 1999.

The City has a community-wide emergency action plan involving BEMA, the City's Police/Fire Departments, Emergency Medical Services, the Public Health Commission and outside governmental and private sector organizations. This plan includes time-tested standard operating procedures for coordinating emergency action. The plan dovetails with the counterpart plans of the State and Federal governments and provides mechanisms for activating needed resources to local governments. The City will activate an Emergency Operations Center (EOC) on the evening of December 31, 1999. The EOC will be staffed throughout the weekend and will be able to deploy the necessary resources in the event of an emergency. The City's MIS Department will be also staffed throughout the millennium rollover to monitor the City's information technology systems and to resolve any unforeseen Year 2000 related problems. Additional staff from all of the City's mission-critical and business-critical departments will be working over the weekend, with back-up staff on call.

CITY OF BOSTON, MASSACHUSETTS
State-Boston Retirement System

Required Supplementary Information
(Unaudited)
(Dollar amounts in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/99	\$ 2,772,000	\$ 3,793,000	\$ 1,021,000	73.1%	\$ 803,000	127.1%
01/01/98	2,411,000	3,614,000 ⁽¹⁾	1,203,000	66.7%	768,000	156.6%
01/01/97	2,062,000	3,173,000	1,111,000	65.0%	735,000	151.2%
01/01/96	1,834,000	2,940,000	1,106,000	62.4%	777,000	142.3%
01/01/95	1,509,000	2,901,000	1,392,000	52.0%	713,000	195.1%
01/01/94	1,523,000	2,745,000	1,222,000	55.5%	696,000	175.6%
06/30/93	1,354,000	2,598,000	1,244,000	52.1%	679,000	183.2%

(1) Future cost of living increases assumed by the City.

Schedule of Contributions from Employers and the Commonwealth of Massachusetts

Year Ended December 31	Annual Required Contribution	Percentage Contributed
1998	\$ 158,679	100%
1997	151,645	100
1996	150,561	100
1995	141,032	100
1994	125,890	100
1993	146,279	100
1992	181,633	100

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 1999
Actuarial cost method	Individual entry age normal
Amortization method	Approximate level percent of payroll-open
Remaining amortization period	21 years (for original unfunded)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5.5%
Cost-of-living adjustments	3.0% on first \$12,000 of retirement income.

GENERAL FUND

The general fund is the operating fund of the City. It is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

Exhibit A-1

GENERAL FUND
Comparative Balance Sheets
June 30, 1999 and 1998
(in thousands)

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash and investments.....	\$ 311,064	\$ 268,056
Restricted cash and investments.....	16,280	16,280
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Property taxes.....	94,099	97,162
Motor vehicle excise.....	6,844	8,169
Intergovernmental.....	39,000	35,000
Departmental and other.....	8,991	3,138
Total receivables.....	<u>148,934</u>	<u>143,469</u>
Due from other funds.....	66,931	63,500
Due from component units.....	171,642	178,553
Due from Boston Medical Center.....	-	951
Total assets.....	\$ <u>714,851</u>	\$ <u>670,809</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Warrants and accounts payable.....	\$ 84,037	\$ 90,023
Accrued liabilities:		
Tax abatement refunds.....	98,000	98,000
Other.....	81,575	54,889
Due to other funds.....	9,987	2,464
Due to component units.....	-	2,696
Deferred revenue.....	264,135	279,313
Matured interest and bonds payable.....	458	580
Total liabilities.....	<u>538,192</u>	<u>527,965</u>
Fund balance:		
Reserved for:		
Debt service.....	16,280	16,280
Encumbrances and continuing appropriations.....	33,880	24,774
Unreserved:		
Undesignated.....	126,499	101,790
Total fund balance.....	<u>176,659</u>	<u>142,844</u>
Total liabilities and fund balance.....	\$ <u>714,851</u>	\$ <u>670,809</u>

Exhibit A-2

GENERAL FUND

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 1999 and 1998
(in thousands)

	<u>1999</u>	<u>1998</u>
REVENUES:		
Local:		
Real and personal property taxes, net.....	\$ 792,569	\$ 754,561
Excises.....	68,238	67,241
Payments in lieu of taxes.....	63,022	56,224
Fines.....	47,693	46,292
Investment income.....	17,884	18,526
Licenses and permits.....	24,010	21,833
Departmental and other revenue.....	56,415	50,241
Total local revenues.....	<u>1,069,831</u>	<u>1,014,918</u>
Intergovernmental:		
Commonwealth of Massachusetts.....	456,958	414,778
Total intergovernmental revenues.....	<u>456,958</u>	<u>414,778</u>
Total revenues.....	<u>1,526,789</u>	<u>1,429,696</u>
EXPENDITURES:		
Current:		
General government.....	54,283	43,850
Human services.....	4,969	4,717
Public safety.....	353,118	322,190
Public works.....	70,019	60,163
Property and development.....	31,805	31,934
Parks and recreation.....	13,216	11,783
Library.....	27,441	24,468
Schools.....	537,585	505,795
County.....	7,362	8,267
Judgments and claims.....	7,585	7,911
Other employee benefits.....	84,493	76,279
Retirement costs.....	83,341	75,382
State and district assessments.....	65,569	64,187
Capital outlays.....	7,081	6,403
Debt service.....	111,683	102,445
Total expenditures.....	<u>1,459,550</u>	<u>1,345,774</u>
Excess of revenues over expenditures.....	<u>67,239</u>	<u>83,922</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	2,391	732
Operating transfers to component unit.....	(54,340)	(66,678)
Operating transfers from component unit.....	18,525	19,019
Total other financing uses.....	<u>(33,424)</u>	<u>(46,927)</u>
Excess of revenues and other financing sources over expenditures and other financing uses.....	<u>33,815</u>	<u>36,995</u>
Fund balance, beginning of year.....	<u>142,844</u>	<u>105,849</u>
Fund balance, end of year.....	\$ <u>176,659</u>	\$ <u>142,844</u>

Exhibit A-3

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance Favorable (Unfavorable)	1998 Actual
	Original Budget	Final Budget	Actual		
PROPERTY TAXES					
Real and Personal Property Taxes.....	\$ 776,588	\$ 776,588	\$ 779,656	\$ 3,068	\$ 731,872
Revenue class total	776,588	776,588	779,656	3,068	731,872
MOTOR VEHICLE EXCISE					
Motor Vehicle Excise - Current	33,500	33,500	26,769	(6,731)	30,919
Motor Vehicle Excise - Prior Years.....	-	-	2,658	2,658	1,422
Boat Excise - Current	20	20	-	(20)	-
Revenue class total	33,520	33,520	29,427	(4,093)	32,341
OTHER EXCISE TAXES					
Hotel / Motel Room Excise.....	22,800	22,800	22,800	-	21,943
Aircraft Fuel Excise.....	12,200	12,200	15,531	3,331	12,588
Condominium Con. Excise.....	275	275	257	(18)	329
County Deeds Excise Fund.....	-	-	554	554	(554)
Urban Redevelopment Ch.121A.....	24,563	24,563	27,088	2,525	26,179
Revenue class total	59,838	59,838	66,230	6,392	60,485
COMMONWEALTH OF MASSACHUSETTS					
State Owned Lands.....	247	247	247	-	207
R.E. Abatements - Elderly.....	212	212	211	(1)	38
R.E. Abatements - Other.....	265	265	264	(1)	264
					(continued)

(continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance Favorable (Unfavorable)	1998 Actual
	Original Budget	Final Budget	Actual		
R.E. Abatements - Blind.....	26	26	26	-	27
Elderly Exemptions 1977 Chapter 967.....	729	729	650	(79)	729
State Lottery Local Aid.....	50,456	50,956	55,611	4,655	49,590
Highways - Local Aid.....	836	836	836	-	837
Veterans Services - Local Aid.....	955	955	835	(120)	1,334
Pensions - Retired Teachers.....	35,000	35,000	37,283	2,283	35,276
Local Aid - Add'l Assistance Chapter 36.....	206,638	206,638	206,638	-	206,638
Racing Taxes.....	504	504	449	(55)	531
School Construction - State.....	12,852	12,852	13,330	478	11,230
Charter School Reimbursement.....	2,974	2,974	2,193	(781)	-
School Aid Chapter 70.....	163,045	163,045	164,808	1,763	132,968
Transportation of Pupils.....	9,312	9,312	10,093	781	9,697
Tuition For State Wards.....	1,487	1,487	1,149	(338)	645
Revenue class total	485,538	486,038	494,623	8,585	450,011
DEPARTMENTAL & OTHER REVENUE					
Penalties & Interest - Property Taxes.....	1,350	1,350	1,297	(53)	1,636
Penalties & Interest - Motor Vehicle.....	2,800	2,800	2,812	12	2,809
Penalties & Interest - Tax Title.....	5,000	5,000	6,909	1,909	5,106
Penalties & Interest - Boat Excise.....	1	1	-	(1)	-
Unapportioned Sidewalk Assessments.....	-	-	94	94	2

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance	1998
	Original Budget	Final Budget	Actual	Favorable	Actual
				(Unfavorable)	
Unapportioned Street Assessments.....	-	-	4	4	4
Purchasing Services.....	20	20	12	(8)	18
Registry Division Fees.....	900	900	929	29	892
City Record Sale of Publications.....	35	35	27	(8)	38
Assessing Fees.....	39	39	31	(8)	40
Liens.....	850	850	926	76	844
Sale of Equipment.....	5	5	56	51	28
City Clerk Fees.....	500	500	526	26	496
Election Fees.....	120	120	30	(90)	31
Muni Medicaid Reimbursement.....	8,000	13,857	15,574	1,717	8,160
City Council Sale of Publications.....	3	3	2	(1)	4
Environment Dept. Fees.....	70	70	59	(11)	74
Police Services.....	750	750	541	(209)	748
Police Fitness & Wellness Fees.....	15	15	1	(14)	-
Fire Services.....	2,400	2,400	2,892	492	2,528
Civil Defense.....	-	-	(1)	(1)	-
Parking Facilities.....	700	700	838	138	1,082
Street, Sidewalk and Curb Repairs.....	2,700	2,700	3,162	462	4,776
Demolition of Abandoned Structures.....	35	35	(352)	(387)	19
Building - Rents.....	230	230	375	145	232
					(continued)

(continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

<u>Classification</u>	1999			Variance Favorable (Unfavorable)	1998 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
Real Property - Other.....	180	180	125	(55)	185
Other Revenues - Public Facilities.....	70	70	106	36	207
Concessions - Parks.....	1	1	-	(1)	1
Fiber Optics Access Fees.....	340	340	493	153	423
Public Works - Other Charges.....	3	3	4	2	2
Transportation Dept. - Recycled Autos.....	20	20	5	(15)	25
Tuition and Transportation - Schools.....	600	600	758	158	608
Miscellaneous Receipts - Schools.....	10	10	10	(0)	10
Library Fees.....	160	160	220	60	148
Library of Last Recourse.....	255	2,700	2,700	-	2,623
Registry of Deeds.....	2,500	2,500	2,791	291	2,343
Telephone Commissions - Real Property.....	120	120	89	(31)	100
City Workers' Comp. Reimbursement.....	1,100	1,100	589	(511)	1,410
Miscellaneous Law.....	3	3	5	2	4
Affirmative Recovery Unit.....	800	800	820	20	565
Special Prosecutors Office.....	40	40	28	(12)	38
Fringe Reimbursements.....	-	-	18	18	18
Pensions and Annuities.....	1,850	1,850	2,286	436	1,851
Indirect Costs Reimbursement.....	800	800	936	136	1,125
Private Detail - Payroll.....	-	-	(1,319)	(1,319)	26
Fire Department Special Detail.....	-	-	1	1	63
Property Management - Detail.....	-	-	1	1	(52)

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance		1998 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		
Parks and Recreation Special Detail.....	-	-	-	-	(2)	
Suffolk County Detail.....	-	-	-	-	(12)	
Contributions and Donations.....	-	-	500	500	-	-
Prior Year Reimbursements.....	2,500	2,500	2,710	210		2,150
Other General Services.....	3	3	4	1		46
Recovered Misc. Revenues.....	1,200	1,200	837	(363)		-
Tellers Adjustment Account.....	-	-	21	21		-
Miscellaneous Refunds.....	25	25	24	(1)		68
Miscellaneous Collections.....	25	25	16	(9)		18
Child Support Reimbursement.....	30	30	42	12		29
Miscellaneous - Treasury.....	200	200	183	(17)		(157)
Paid Detail - Administrative Fees.....	1,675	1,675	1,917	242		1,652
Property Mgmt - Administrative Fees.....	10	10	6	(4)		12
Fire - Administrative Fees.....	250	250	315	65		208
Parks and Recreation 10% Admin Fee.....	3	3	2	(1)		14
Health Insurance Admin Fee.....	125	125	145	20		113
Suffolk County 10% Admin Fee.....	3	3	3	-		2
Revenue class total	41,424	49,726	54,137	4,411		45,431
FINES						
Parking Fines.....	46,700	46,700	16,751	(29,949)		16,028
Mail Collection of Parking fines.....	-	-	28,362	28,362		28,160
						(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

<u>Classification</u>	1999			Variance Favorable (Unfavorable)	1998 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
Municipal Criminal Court.....	35	35	26	(9)	35
Municipal Civil Court.....	2,100	2,100	2,097	(3)	1,842
East Boston District Court.....	35	35	33	(2)	37
Brighton District Court.....	45	45	33	(12)	45
Charlestown District Court.....	2	2	1	(1)	(11)
Dorchester District Court.....	17	17	16	(1)	17
Roxbury District Court.....	14	14	11	(3)	12
South Boston District Court.....	18	18	17	(1)	18
West Roxbury District Court.....	8	8	8	-	12
ISD - Fines.....	4	4	3	(1)	-
ISD-Board of Appeals.....	2	2	3	1	1
House of Correction.....	-	-	(6)	(6)	-
Code Enforcement.....	95	95	118	23	96
Revenue class total	49,075	49,075	47,473	(1,602)	46,292

PAYMENTS IN LIEU OF TAXES

Boston College.....	191	191	191	-	188
New England Deaconess Hospital.....	-	-	-	-	42
New England Medical Center Hospital.....	659	659	583	(76)	784
Boston Symphony Orchestra.....	57	57	58	1	-
Blue Cross / Blue Shield.....	388	388	388	-	503
Old City Hall.....	585	585	572	(13)	580
Boston University.....	1,500	1,500	2,571	1,071	1,576
					(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

<u>Classification</u>	1999			Variance Favorable (Unfavorable)	1998 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
Mass Port Authority.....	10,379	10,379	10,379	-	10,254
Sale of Property - Special Taxes.....	115	115	109	(6)	142
Berkeley School.....	173	173	174	1	141
Trimount Foundation.....	14	14	14	-	14
Harvard Community Health Plan.....	190	190	196	6	184
Mass General Hospital.....	1,441	1,441	1,435	(6)	1,431
Harvard University.....	1,295	1,295	1,301	6	1,287
Suffolk University.....	151	151	158	7	176
Simmons College.....	15	15	15	-	22
Northeastern University.....	124	124	124	-	124
North End Nursing Home.....	84	84	84	-	-
New England School of Law.....	13	13	13	-	13
Brigham and Women's Hospital.....	621	621	621	-	621
E.D.I.C.- In Lieu.....	513	513	645	132	-
Tufts University.....	17	17	17	-	16
Section 2C.....	5,436	5,436	5,241	(195)	86
University Hospital.....	7	7	-	(7)	118
Museum of Fine Arts.....	47	47	41	(6)	44
Children's Hospital.....	276	276	253	(23)	126
Showa.....	120	120	119	(1)	39
Wentworth Institute.....	4	4	2	(2)	-
Emerson College.....	20	20	20	-	20
Spaulding Rehabilitation Hospital.....	52	52	56	4	51
MASCO.....	66	66	33	(33)	66

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance Favorable (Unfavorable)	1998 Actual
	Original Budget	Final Budget	Actual		
Beth Israel Hospital.....	167	167	125	(42)	125
Massachusetts Mental Health Program.....	25	25	12	(13)	24
E.O.C.D.....	21	21	11	(10)	3
Bay Cove Human Services.....	11	11	-	(11)	23
Domicilia.....	3	3	3	(0)	3
Noble School House.....	13	13	3	(10)	13
David Ramsey V.F.W.....	1	1	1	-	-
Wang.....	55	55	53	(2)	6
Dana Farber Cancer Institute.....	94	94	46	(48)	-
Mass College of Pharmacy.....	45	45	91	46	91
Boston Housing Authority.....	429	429	538	109	411
Prudential Insurance Co.....	188	188	118	(70)	215
Jamaica Tower and Townhouse.....	114	114	45	(69)	62
Back Bay Manor Apartments.....	108	108	79	(29)	28
St. Joseph Community Inc.....	6	6	1	(5)	7
Camfield Gardens LTD.....	-	-	13	13	-
Jewish Comm. Housing Elderly Inc.....	95	95	81	(14)	82
Roxse Homes, Inc.....	-	-	15	15	2,000
One Beacon Street.....	1,154	1,154	1,959	805	1,671
Jewish Comm. Housing Elderly II.....	85	85	88	3	89
Newcastle Associates.....	26	26	26	-	20
Summer Street Realty Corp.....	71	71	161	90	264
Rockingham Glen Associates.....	-	-	21	21	-
Chauncy House Company.....	1	1	7	6	2
					(continued)

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

<u>Classification</u>	1999			Variance		1998 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable)		
Tenants Development Corp.....	116	116	120	4		121
Concord House Associates.....	2	2	-	(2)		-
Viviendas Associates.....	137	137	95	(42)		87
Mercantile Wharf Associates.....	39	39	46	7		81
Quincy Tower Associates.....	86	86	157	71		-
Franklin Park Associates.....	85	85	67	(18)		75
Gardner Apartments Associates.....	1	1	-	(1)		1
Jamaica Plain Associates.....	2	2	1	(1)		2
Citizens Bank.....	11	11	-	(11)		209
Allied Stores Gen. Re. Corp.....	656	656	857	201		854
Conway Court Associates.....	5	5	5	-		5
Jewish Comm. Housing Elderly III.....	103	103	52	(51)		61
Anderson Street Associates.....	31	31	-	(31)		-
Mission Park Corp.....	-	-	12	12		4
Woodbury Cunard Associates.....	2	2	-	(2)		-
Medical Area Total Energy.....	1,456	1,456	1,842	386		1,649
Madison Park III Associates.....	127	127	117	(10)		118
Victory Gardens Associates.....	9	9	-	(9)		2
Reservoir Towers Associates.....	180	180	236	56		178
Bowdoin School Associates.....	9	9	6	(3)		9
Borinquen Associates.....	16	16	8	(8)		12
Ausonia Homes Associates.....	140	140	104	(36)		140

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance	1998
	Original	Final		Favorable	
	Budget	Budget	Actual	(Unfavorable)	Actual
Smith House Associates.....	4	4	-	(4)	1
Haynes House Associates.....	6	6	3	(3)	2
Madison Park IV Associates.....	159	159	120	(39)	126
Cottage Brook Associates.....	64	64	51	(13)	51
Intervale - Magnolia Associates.....	52	52	43	(9)	47
Woodledge Associates.....	77	77	64	(13)	67
Woodbourne Community Housing Corp.....	8	8	1	(7)	2
School House '77 Associates.....	46	46	50	4	49
Peterborough House Associates.....	215	215	203	(12)	205
Dorchester Green LP.....	11	11	9	(2)	9
Mason Place Company.....	11	11	11	-	10
Keystone Apartments Co.....	218	218	194	(24)	202
Stearns Company.....	11	11	3	(8)	3
Blake Estates Associates.....	167	167	166	(1)	154
Immobilier New England.....	3	3	-	(3)	13
Servicenter, Inc.....	-	-	10	10	8
Taurus At Fountain Hill.....	80	80	74	(6)	72
Marcus Garvey Associates.....	106	106	-	(106)	-
St. Botolph Terrace.....	30	30	14	(16)	18
Casa Maria Housing Corp.....	3	3	30	27	-
Hemenway Apt. Co.....	148	148	70	(78)	58
Black Estates Associates II.....	97	97	82	(15)	82
Back Hill Comm. Devel. Associates.....	57	57	60	3	52
					(continued)

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance	1998 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	
Boston Rehab Associates.....	4	4	1	(3)	1
Savin Hill Apartments Co.....	142	142	130	(12)	132
Wait Street Associates.....	108	108	93	(15)	97
Adams and Templeton Associates.....	74	74	65	(9)	68
B'nai Brith Senior Citizens Housing.....	115	115	187	72	117
Brighton Allston Elderly Home.....	36	36	38	2	32
Bradford Towers Associates.....	245	245	154	(91)	217
1000 Washington Street Inc.....	-	-	-	-	(156)
Sarah Baker Manor Associates.....	37	37	31	(6)	33
Frankie O'Day Corp.....	1	1	-	(1)	-
On Luck Housing Devel. Inc.....	15	15	-	(15)	12
Governor Apt. Associates.....	97	97	88	(9)	90
Atrium on Comm. Ave.....	22	22	-	(22)	-
Dorchester Housing Associates.....	93	93	82	(11)	83
Charles H Farnsworth Housing Corp.....	56	56	75	19	48
ETC Development Corp.....	150	150	125	(25)	126
RHC and Associates.....	61	61	53	(8)	55
Mt. Pleasant Associates.....	123	123	218	95	-
Angela Westover Housing Corp.....	16	16	14	(2)	12
Oxford Place Associates.....	47	47	43	(4)	46
East Canton Street Associates.....	2	2	48	46	46
					(continued)

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

<u>Classification</u>	1999			Variance Favorable (Unfavorable)	1998 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
Rogerson Beacon Associates.....	78	78	69	(9)	89
Dimock-Bragdon Associates.....	39	39	34	(5)	34
Council of Elders.....	4	4	76	72	-
City Square Elderly Housing.....	77	77	26	(51)	-
Boston Garden Corporation.....	48	48	-	(48)	(30)
Marriott Custom House Tower.....	232	232	251	19	167
Egleston Center.....	-	-	-	-	2
Commonwealth Flats Develop. East LP.....	-	-	164	164	-
Madison Trinity LP.....	-	-	7	7	-
Grey Hound Associates.....	-	-	5	5	-
Revenue class total	33,973	33,973	35,970	1,997	29,947
INVESTMENT INCOME					
Interest on Investments.....	15,300	15,300	17,423	2,123	16,711
Revenue class total	15,300	15,300	17,423	2,123	16,711
LICENSES AND PERMITS					
Building Structures and Permits.....	6,000	11,000	11,404	404	14,758
Weights and Measures.....	160	160	138	(22)	154
Street and Curb Permits.....	1,100	1,100	1,356	256	1,205
					(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

Classification	1999			Variance Favorable (Unfavorable)	1998 Actual
	Original Budget	Final Budget	Actual		
Pre-rental Inspections.....	80	80	70	(10)	81
Misc Charges-Inspectional Services.....	8	8	12	4	9
Public Safety-Inspectional Services.....	40	40	22	(18)	39
Health Inspections.....	900	900	1,050	150	1,046
Alcoholic Beverages and Licenses.....	2,280	2,280	2,266	(14)	2,273
Entertainment Licenses.....	480	480	453	(27)	479
Police and Protective Permits.....	450	450	506	56	429
Professional & Occupational Licenses.....	95	95	89	(6)	91
Police Firearm Permits.....	100	100	6	(94)	-
Other Business Licenses and Permits.....	940	940	936	(4)	910
Cable Television.....	2,475	2,475	2,554	79	1,888
Burial Permits.....	75	75	35	(40)	69
Revenue class total	15,183	20,183	20,897	714	23,431
SALE OF PROPERTY					
Sale of City Property.....	500	500	500	-	500
Revenue class total	500	500	500	-	500
TRANSFERS AND OTHER AVAILABLE FUN					
Surplus Property Fund.....	1,775	1,775	-	(1,775)	-
Appropriated Cemetery Trustee.....	1,589	1,589	1,589	-	700
Appropriated Parking Meter Receipts.....	7,900	7,900	1,500	(6,400)	8,500
Revenue class total	11,264	11,264	3,089	(8,175)	9,200
Total Revenues and Other Financing Sources	\$ 1,522,203	\$ 1,536,005	\$ 1,549,425	\$ 13,420	\$ 1,446,221



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Exhibit A-4

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

	1999				Variance	
	Original Budget	Final Budget	Actual		Favorable (Unfavorable)	1998 Actual
GENERAL GOVERNMENT						
Costs of Issuance - RANS.....	\$ 500	\$ 500	\$ 395	\$	105	455
Annual Audit Costs.....	600	600	337		263	289
Mayor's Office.....	1,777	1,802	1,789		13	1,606
City Council.....	3,273	3,273	3,071		202	2,751
Consumer Affairs and Licensing.....	391	391	391		-	373
Office of Community Partnerships.....	1,481	1,510	1,489		21	1,434
Boston 2 to 6.....	206	377	367		10	-
Election Department - Election Division.....	2,739	2,771	2,770		1	2,572
Election Department - Listing Board.....	337	305	276		29	224
Auditing Department.....	1,596	1,596	1,481		115	1,520
Taxpayer Referral Department & Asst. Cntr.....	372	372	364		8	-
Assessing Department.....	5,157	5,157	5,062		95	4,839
Treasury Department - Collecting Division.....	2,229	2,229	2,081		148	2,227
Treasury Department - Treasury Division.....	1,443	1,442	1,366		76	1,290
Office of Budget Management.....	2,573	2,601	2,597		4	2,327
Human Resources.....	2,068	2,126	2,126		-	1,354
Purchasing Division.....	1,093	1,093	1,089		4	1,113
Office of Chief Operating Officer.....	924	924	841		83	874
Graphic Arts.....	1,393	1,393	1,292		101	1,199
Office Labor Relations.....	893	906	897		9	824
Management Information System.....	7,689	7,690	9,082		(1,392)	6,940
Intergovernmental Relations.....	876	876	871		5	841

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

	1999			Variance		1998 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		
Workers' Compensation Division.....	-	-	-	-	-	510
Minority/Women's Business.....	481	535	533	2	2	464
Office of Boston Residents Job Policy.....	414	410	398	12	12	308
Risk Retention Reserve.....	1,000	11,000	11,000	-	-	1,000
Law Department.....	3,939	3,939	3,757	182	182	3,411
City Clerk.....	820	820	774	46	46	810
Registry Division.....	811	811	798	13	13	747
Management Fund.....	225	225	225	-	-	207
Finance Commission.....	177	177	176	1	1	163
Office of Civil Rights.....	452	452	279	173	173	275
Emergency Shelter Commission.....	413	413	413	-	-	385
Press Office.....	384	390	390	-	-	234
Constituent/24 Hour Service.....	382	419	389	30	30	358
Neighborhood Services.....	808	887	882	5	5	796
Special Events and Tourism.....	1,317	1,643	1,643	-	-	1,002
Women's Commission.....	149	149	143	6	6	129
Office of Cultural Affairs.....	476	557	557	-	-	482
Reserve For Collective Bargaining.....	2,130	2,000	2,000	-	-	694
Function total	53,988	64,761	64,391	370	370	47,027
						(continued)

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

	1999				Variance Favorable (Unfavorable)	1998 Actual
	Original Budget	Final Budget	Actual			
HUMAN SERVICES						
Rental Housing Resource Center.....	784	784	731	53	726	
Elderly Commission.....	2,285	2,285	2,222	63	2,145	
Veterans Services Department.....	2,506	2,506	2,139	367	2,070	
Function total	5,575	5,575	5,092	483	4,941	
PUBLIC SAFETY						
Police Department.....	194,857	194,857	194,218	639	187,167	
Fire Department.....	114,149	114,149	115,912	(1,763)	109,647	
Transportation - Traffic Division.....	17,148	17,108	17,127	(19)	14,757	
Transportation - Parking Clerk.....	8,029	8,069	8,047	22	6,996	
Licensing Board.....	500	524	524	-	455	
Inspectional Services Department.....	11,331	11,331	11,143	188	10,055	
Youth Fund.....	4,254	4,883	4,883	-	5,242	
Function total	350,268	350,921	351,854	(933)	334,319	
PUBLIC WORKS						
Public Works Department.....	59,230	59,410	59,394	16	56,565	
Central Maintenance Facility.....	1,764	1,764	1,626	138	-	
Snow Removal.....	4,312	4,312	7,469	(3,157)	4,765	
Function total	65,306	65,486	68,489	(3,003)	61,330	

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

	1999			Variance	
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	1998 Actual
PROPERTY AND DEVELOPMENT					
Property Management.....	15,827	15,269	14,858	411	12,813
Neighborhood Development.....	2,580	3,426	3,387	39	2,630
Support Division.....	159	82	97	(15)	4,847
PFD - Community Schools Division.....	13,410	13,728	13,660	68	11,969
Function total	31,976	32,505	32,002	503	32,259
PARKS AND RECREATION					
Parks and Recreation Department.....	11,044	11,059	10,987	72	9,934
Environment Department.....	885	885	884	1	716
Cemetery Division.....	1,588	1,588	1,495	93	1,326
Function total	13,517	13,532	13,366	166	11,976
LIBRARY					
Library Department.....	24,813	27,555	27,416	139	24,515
Function total	24,813	27,555	27,416	139	24,515
SCHOOLS					
General School Purposes.....	541,387	543,380	543,373	7	507,172
Function total	541,387	543,380	543,373	7	507,172

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

	1999				Variance Favorable (Unfavorable)	1998 Actual
	Original Budget	Final Budget	Actual			
PUBLIC HEALTH						
Public Health Commission.....	52,844	53,502	53,502	-	66,678	
Function total	52,844	53,502	53,502	-	66,678	
COUNTY						
Registry of Deeds.....	1,797	1,797	1,780	17	1,723	
Suffolk County Jail.....	5,385	5,584	5,584	-	6,588	
Function total	7,182	7,381	7,364	17	8,311	
JUDGMENTS AND CLAIMS						
Execution of Courts.....	4,112	4,112	8,102	(3,990)	7,904	
Function total	4,112	4,112	8,102	(3,990)	7,904	
OTHER EMPLOYEE BENEFITS						
Medicare Payments.....	2,885	2,885	2,928	(43)	2,782	
Human Resources.....	565	507	435	72	67,717	
Health Benefits & Insurance.....	76,822	75,511	75,011	500	-	
Unemployment Compensation.....	50	50	16	34	34	
Workers' Compensation Fund.....	3,729	3,729	4,291	(562)	3,645	
Function total	84,051	82,682	82,681	1	74,178	

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

	1999			Variance	1998
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual
PENSION COSTS					
State - Boston Retirement System.....	120,254	120,254	120,254	-	104,848
Pensions and Annuities - City.....	5,800	5,800	5,800	-	5,800
Pensions and Annuities - County.....	500	500	500	-	376
Function total	126,554	126,554	126,554	-	111,024
DEBT REQUIREMENTS					
Redemption of City Loans.....	59,271	59,271	59,189	82	53,155
City Debt and Interest Payments.....	32,732	32,732	32,736	(4)	29,818
Interest on Temporary Notes.....	3,000	429	-	429	-
Interest/Gardner St. Ln fill.....	20	20	-	20	-
Function total	95,023	92,452	91,925	527	82,973
STATE & DISTRICT ASSESSMENTS					
State Exam of Retirement.....	-	-	-	-	256
Health Insurance/Retirement.....	606	606	606	-	604
Parking Surcharge.....	3,561	3,561	3,386	175	3,561
Mosquito Control Projects.....	170	170	140	30	169
Special Education Chapter 766.....	759	759	713	46	797

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 1999

(in thousands)

(with comparative actual amounts for 1998)

	1999			Variance Favorable (Unfavorable)	1998 Actual
	Original Budget	Final Budget	Actual		
Metropolitan Air Pollution Center.....	125	125	125	-	121
Metropolitan Area Planning	133	133	133	-	129
M.B.T.A. Assessments.....	60,243	60,243	60,456	(213)	58,540
M.D.C. Assessments.....	10	10	10	-	10
Function total	65,607	65,607	65,569	38	64,187
Total Expenditures \$	1,522,203 \$	1,536,005 \$	1,541,680 \$	(5,675) \$	1,438,794

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources, other than debt service, trust funds or capital projects, that are legally restricted for specific purposes.

City Fund accounts for a number of small federal and state grants administered by the City's individual departments. These funds provide additional support to department programs.

Revolving Fund accounts for funds that are set aside, generally by state statute, that are used to support the City's general fund operations. These funds are directly linked to a specific activity and are available without further City Council Appropriation.

Boston Public Schools accounts for funds provided by the U.S. Department of Education and the Commonwealth's Department of Education for the Boston Public Schools. These funds directly support a number of educational programs for the City's residents.

Community Development Block Grants (CDBG) are funds from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant program. These funds are used to support eligible community development and social programs, to benefit low and moderate income persons or to aid in the prevention or elimination of slums or blight.

Empowerment Zone Program are funds provided through HUD's Empowerment Zone program. These grants are used for various residential, commercial and industrial projects within the City.

Home Bill Program are funds used to support housing, commercial development and social service programs in City neighborhoods.

Neighborhood Development Fund (NDF) accounts for loan repayments from the Urban Development Action Grants (UDAG). These funds are used for Title I eligible activities in the City's neighborhoods.

Building Loan Program are short term loans for eligible activities provided through the CDBG's program's unexpended balances.

HUD Grants Fund accounts for funds primarily used to support housing and various residential projects within the City.

Convention Center fund accounts for the accumulation of state and local receipts which are to be used to pay debt service on any debt issued by the City to pay for site acquisition and preparation costs for the Boston Convention and Exhibition Center.

City of Boston, Massachusetts

Exhibit B-1

SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	City Fund	Revolving Fund	Boston Public Schools
ASSETS			
Cash and investments.....	\$ 11,735	\$ 90,198	\$ -
Restricted cash and investments.....	-	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	2,818	969	36,048
Departmental and other.....	1,085	340	5
Total receivables.....	<u>15,638</u>	<u>91,507</u>	<u>36,053</u>
Due from other funds.....	1,660	343	234
Due from component units.....	-	300	-
Total assets.....	<u>\$ 17,298</u>	<u>\$ 92,150</u>	<u>\$ 36,287</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ 5,476	\$ 2,135	\$ 9,896
Other accrued liabilities.....	943	29,863	2,278
Due to other funds.....	-	-	21,501
Total liabilities.....	<u>6,419</u>	<u>31,998</u>	<u>33,675</u>
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	2,985	3,486	2,044
Debt Service.....	-	-	-
Unreserved:			
Undesignated.....	7,894	56,666	568
Total fund balance (deficit).....	<u>10,879</u>	<u>60,152</u>	<u>2,612</u>
Total liabilities and fund balance.....	<u>\$ 17,298</u>	<u>\$ 92,150</u>	<u>\$ 36,287</u>

City of Boston, Massachusetts

Community Development Block Grants	Empowerment Zone Program	Home Bill Program	Neighborhood Development	Building Loan Program
\$ -	\$ 309	\$ -	\$ 29,334	\$ -
-	2,137	-	-	-
6,762	810	2,566	54	-
78	-	-	-	-
<u>6,840</u>	<u>3,256</u>	<u>2,566</u>	<u>29,388</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ 6,840</u>	<u>\$ 3,256</u>	<u>\$ 2,566</u>	<u>\$ 29,388</u>	<u>\$ -</u>
\$ 7,288	\$ 1,568	\$ 2,247	\$ 20,288	\$ -
743	-	114	-	-
1,343	-	698	-	256
<u>9,374</u>	<u>1,568</u>	<u>3,059</u>	<u>20,288</u>	<u>256</u>
9,406	11,292	8,382	897	-
-	-	-	-	-
(11,940)	(9,604)	(8,875)	8,203	(256)
<u>(2,534)</u>	<u>1,688</u>	<u>(493)</u>	<u>9,100</u>	<u>(256)</u>
<u>\$ 6,840</u>	<u>\$ 3,256</u>	<u>\$ 2,566</u>	<u>\$ 29,388</u>	<u>\$ -</u>

(continued)

Exhibit B-1 (continued)

SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	HUD Grants	Convention Center	Totals	
			1999	1998
ASSETS				
Cash and investments.....	\$ -	\$ 14,826	\$ 146,402	\$ 96,338
Restricted cash and investments.....	-	-	2,137	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):				
Intergovernmental.....	3,826	-	53,853	37,764
Departmental and other.....	157	-	1,665	2,228
Total receivables.....	<u>3,983</u>	<u>14,826</u>	<u>55,518</u>	<u>39,992</u>
Due from other funds.....	-	-	2,237	2,325
Due from component units.....	-	-	300	271
Total assets.....	<u>\$ 3,983</u>	<u>\$ 14,826</u>	<u>\$ 206,594</u>	<u>\$ 138,926</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Warrants and accounts payable.....	\$ 5,578	\$ -	\$ 54,476	\$ 25,419
Other accrued liabilities.....	5	-	33,946	31,809
Due to other funds.....	861	-	24,659	19,918
Total liabilities.....	<u>6,444</u>	<u>-</u>	<u>113,081</u>	<u>77,146</u>
Fund balance:				
Reserved for:				
Encumbrances and continuing appropriations.....	20,863	-	59,355	56,675
Debt Service.....	-	14,826	14,826	-
Unreserved:				
Undesignated.....	(23,324)	-	19,332	5,105
Total fund balance (deficit).....	<u>(2,461)</u>	<u>14,826</u>	<u>93,513</u>	<u>61,780</u>
Total liabilities and fund balance.....	<u>\$ 3,983</u>	<u>\$ 14,826</u>	<u>\$ 206,594</u>	<u>\$ 138,926</u>



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City of Boston, Massachusetts

Exhibit B-2

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	City Fund	Revolving Fund	Boston Public Schools	Community Development Block Grants
REVENUES:				
Local:				
Departmental and other revenue.....	\$ 453	\$ 21,120	\$ 76	\$ -
Total local revenues.....	453	21,120	76	-
Intergovernmental:				
Federal	24,404	3,855	51,859	33,606
Commonwealth of Massachusetts.....	75,531	10,609	26,247	-
Total intergovernmental revenues.....	99,935	14,464	78,106	33,606
Total revenues.....	100,388	35,584	78,182	33,606
EXPENDITURES:				
Current operations:				
General government.....	2,187	3,595	-	-
Human services.....	4,461	81	-	-
Public safety.....	17,094	9,359	-	-
Public works.....	210	209	-	-
Parks and recreation.....	2,284	2,190	-	-
Library.....	-	1,222	-	-
Schools.....	-	307	76,215	-
County.....	69,634	434	-	-
Community development.....	1,241	365	-	30,988
Capital outlays.....	1,303	-	1,584	2,279
Debt service.....	-	-	-	-
Total expenditures.....	98,414	17,762	77,799	33,267
Excess (deficiency) of revenues over expenditures.....	1,974	17,822	383	339
OTHER FINANCING SOURCES (USES):				
Proceeds from Section 108 Loans.....	-	-	-	-
Operating transfers out	-	(720)	-	-
Total other financing sources (uses).....	-	(720)	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,974	17,102	383	339
Fund balance (deficit), beginning of year.....	8,905	43,050	2,229	(2,873)
Fund balance (deficit), end of year.....	\$ 10,879	\$ 60,152	\$ 2,612	\$ (2,534)

<u>Empowerment Zone Program</u>	<u>Home Bill Program</u>	<u>Neighborhood Development</u>	<u>Building Loan Program</u>
\$ 336	\$ -	\$ 3,127	\$ -
336	-	3,127	-
2,512	7,090	2,424	-
-	-	-	-
2,512	7,090	2,424	-
2,848	7,090	5,551	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,935	7,623	5,469	-
-	-	-	-
296	-	3,128	-
5,231	7,623	8,597	-
(2,383)	(533)	(3,046)	-
5,015	-	-	-
-	-	-	-
5,015	-	-	-
2,632	(533)	(3,046)	-
(944)	40	12,146	(256)
\$ 1,688	\$ (493)	\$ 9,100	\$ (256)

(continued)

City of Boston, Massachusetts

Exhibit B-2 (continued)

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	HUD Grants	Convention Center	Totals 1999	Totals 1998
REVENUES:				
Local:				
Departmental and other revenue.....	\$ -	\$ 11,002	\$ 36,114	\$ 16,471
Total local revenues.....	-	11,002	36,114	16,471
Intergovernmental:				
Federal	17,947	-	143,697	143,714
Commonwealth of Massachusetts.....	-	3,824	116,211	99,051
Total intergovernmental revenues.....	17,947	3,824	259,908	242,765
Total revenues.....	17,947	14,826	296,022	259,236
EXPENDITURES:				
Current operations:				
General government.....	-	-	5,782	3,539
Human services.....	-	-	4,542	3,845
Public safety.....	-	-	26,453	23,354
Public works.....	-	-	419	280
Parks and recreation.....	-	-	4,474	4,228
Library.....	-	-	1,222	1,337
Schools.....	-	-	76,522	71,189
County.....	-	-	70,068	71,648
Community development.....	19,891	-	70,512	85,082
Capital outlays.....	-	-	5,166	7,294
Debt service.....	-	-	3,424	2,175
Total expenditures.....	19,891	-	268,584	273,971
Excess (deficiency) of revenues over expenditures.....	(1,944)	14,826	27,438	(14,735)
OTHER FINANCING SOURCES (USES):				
Proceeds from Section 108 Loans.....	-	-	5,015	20,000
Operating transfers out.....	-	-	(720)	(9,568)
Total other financing sources (uses).....	-	-	4,295	10,432
Excess (deficiencies) of revenues and other financing sources over expenditures and other financing uses.....	(1,944)	14,826	31,733	(4,303)
Fund balance (deficit), beginning of year.....	(517)	-	61,780	66,083
Fund balance (deficit), end of year.....	\$ (2,461)	\$ 14,826	\$ 93,513	\$ 61,780

CAPITAL PROJECT FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds and from federal and state grants.

Departmental Equipment accounts for capital equipment provided to all City departments ranging from computer hardware to fire trucks and snow plows.

School Projects accounts for the construction, renovation and repairs to all school buildings.

Public Buildings accounts for the construction, renovation and repairs to all City-owned buildings.

Sale of City Property accounts for proceeds derived from the sale of City-owned properties.

Hospital Facilities accounts for the construction, renovation and repairs to buildings on the former Boston City Hospital campus now under the administration of the Boston Public Health Commission.

Urban and Economic Development accounts for the construction, renovation and rehabilitation to buildings and structures approved by the City's planning board.

Parks and Recreation accounts for the construction and repair of park areas throughout the City.

Parking Facilities accounts for the construction and repair of City-owned parking facilities throughout the City.

Public Works accounts for the construction, maintenance and repair of public work projects such as bridges, street lighting, sidewalks, water mains and sewer drainage.

Chapter 90 Public Ways accounts for the design, engineering, construction and reconstruction of major roadways, streets and sidewalks.

Trust Funds accounts for funds authorized for specific capital purposes as designated by each trust.

Bond Refunding accounts for funds received from the refunding of bond debt.

Financial System accounts for the purchase and implementation of PeopleSoft, Inc. Financial, Human Resources and Payroll Applications.

Convention Center fund accounts for debt proceeds and expenditures related to site acquisition and preparation costs for the Boston Convention and Exhibition Center.

Other account for other miscellaneous expenditures for various projects.

Exhibit C-1

CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	<u>Departmental Equipment</u>	<u>School Projects</u>	<u>Public Buildings</u>
ASSETS			
Cash and investments.....	\$ -	\$ -	\$ -
Due from other funds.....	1,056	-	2,756
Due from component units.....	-	-	1,625
Total assets.....	<u>\$ 1,056</u>	<u>\$ -</u>	<u>\$ 4,381</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ -	\$ 1,816	\$ 468
Other accrued liabilities.....	-	-	-
Due to component units.....	323	-	-
Due to other funds.....	352	14,421	6,049
Total liabilities.....	<u>675</u>	<u>16,237</u>	<u>6,517</u>
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	1,717	64,536	16,602
Unreserved:			
Undesignated.....	(1,336)	(80,773)	(18,738)
Total fund balance (deficit).....	<u>381</u>	<u>(16,237)</u>	<u>(2,136)</u>
Total liabilities and fund balance.....	<u>\$ 1,056</u>	<u>\$ -</u>	<u>\$ 4,381</u>

City of Boston, Massachusetts

<u>Sale of City Property</u>	<u>Hospital Facilities</u>	<u>Urban and Economic Development</u>	<u>Parks and Recreation</u>	<u>Parking Facilities</u>
\$ 33,908	\$ -	\$ -	\$ -	\$ -
-	-	-	150	-
-	-	-	-	-
<u>\$ 33,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	1,788	-	-	-
-	222	-	-	-
<u>-</u>	<u>8,644</u>	<u>225</u>	<u>733</u>	<u>-</u>
<u>-</u>	<u>10,654</u>	<u>225</u>	<u>733</u>	<u>-</u>
33,908	734	4,148	3,953	-
-	(11,388)	(4,373)	(4,536)	-
<u>33,908</u>	<u>(10,654)</u>	<u>(225)</u>	<u>(583)</u>	<u>-</u>
<u>\$ 33,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>

(continued)

Exhibit C-1 (continued)

CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	<u>Public Works</u>	<u>Chapter 90 Public Ways</u>	<u>Trust Funds</u>
ASSETS			
Cash and investments.....	\$ -	\$ -	\$ -
Due from other funds.....	354	2,624	-
Due from component units.....	-	-	-
Total assets.....	\$ <u>354</u>	\$ <u>2,624</u>	\$ <u>-</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ -	\$ -	\$ -
Other accrued liabilities.....	-	-	-
Due to component units.....	-	-	-
Due to other funds.....	<u>3,043</u>	<u>6,056</u>	<u>-</u>
Total liabilities.....	<u>3,043</u>	<u>6,056</u>	<u>-</u>
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	22,978	9,540	-
Unreserved:			
Undesignated.....	<u>(25,667)</u>	<u>(12,972)</u>	<u>-</u>
Total fund balance (deficit).....	<u>(2,689)</u>	<u>(3,432)</u>	<u>-</u>
Total liabilities and fund balance.....	\$ <u>354</u>	\$ <u>2,624</u>	\$ <u>-</u>

City of Boston, Massachusetts

<u>Bond Refunding</u>	<u>Financial System</u>	<u>Convention Center</u>	<u>Other</u>	<u>Totals</u>	
				<u>1999</u>	<u>1998</u>
\$ -	\$ -	\$ 74,173	\$ 5,553	\$ 113,634	\$ 48,021
-	-	-	-	6,940	1,206
-	-	-	-	1,625	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,173</u>	<u>\$ 5,553</u>	<u>\$ 122,199</u>	<u>\$ 49,227</u>
\$ -	\$ 1,743	\$ -	\$ 1,641	\$ 5,668	\$ 18,477
-	-	-	-	1,788	1,787
-	-	-	-	545	-
-	2,685	-	-	42,208	43,743
-	4,428	-	1,641	50,209	64,007
-	2,624	-	-	160,740	140,900
-	(7,052)	74,173	3,912	(88,750)	(155,680)
-	(4,428)	74,173	3,912	71,990	(14,780)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,173</u>	<u>\$ 5,553</u>	<u>\$ 122,199</u>	<u>\$ 49,227</u>

City of Boston, Massachusetts

Exhibit C-2

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	<u>Departmental Equipment</u>	<u>School Projects</u>	<u>Public Buildings</u>
REVENUES:			
Local:			
Investment Income.....	\$ -	\$ -	\$ -
Departmental and other.....	-	293	2,301
Total local revenues.....	<u>-</u>	<u>293</u>	<u>2,301</u>
Intergovernmental:			
Federal.....	-	-	5
Commonwealth of Massachusetts.....	-	-	3,425
Total intergovernmental revenues.....	<u>-</u>	<u>-</u>	<u>3,430</u>
Total revenues.....	<u>-</u>	<u>293</u>	<u>5,731</u>
EXPENDITURES:			
Capital outlays.....	1,806	51,681	24,293
Debt service.....	34	147	-
Total expenditures.....	<u>1,840</u>	<u>51,828</u>	<u>24,293</u>
Deficiency of revenues over expenditures.....	<u>(1,840)</u>	<u>(51,535)</u>	<u>(18,562)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of debt and capital leases.....	4,408	61,398	25,491
Payments to escrow agent for refunded debt.....	-	-	-
Operating transfers in from component units.....	-	-	2,000
Operating transfers out.....	-	-	(82)
Total other financing sources.....	<u>4,408</u>	<u>61,398</u>	<u>27,409</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,568	9,863	8,847
Fund balance (deficit), beginning of year.....	(2,187)	(26,100)	(10,983)
Fund balance (deficit), end of year.....	<u>\$ 381</u>	<u>\$ (16,237)</u>	<u>\$ (2,136)</u>

City of Boston, Massachusetts

<u>Sale of City Property</u>	<u>Hospital Facilities</u>	<u>Urban and Economic Development</u>	<u>Parks and Recreation</u>	<u>Parking Facilities</u>
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	205	-
-	-	-	205	-
-	-	-	205	-
-	11,172	1,626	3,663	143
-	6	8	25	-
-	11,178	1,634	3,688	143
-	(11,178)	(1,634)	(3,483)	(143)
-	6,577	1,976	5,257	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,577	1,976	5,257	-
-	(4,601)	342	1,774	(143)
33,908	(6,053)	(567)	(2,357)	143
\$ <u>33,908</u>	\$ <u>(10,654)</u>	\$ <u>(225)</u>	\$ <u>(583)</u>	\$ <u>-</u>

(continued)

City of Boston, Massachusetts

Exhibit C-2 (continued)

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	<u>Public Works</u>	<u>Chapter 90 Public Ways</u>
REVENUES:		
Local:		
Investment Income.....\$	-	\$ -
Departmental and other.....	-	-
Total local revenues.....	<u>-</u>	<u>-</u>
Intergovernmental:		
Federal.....	-	-
Commonwealth of Massachusetts.....	618	13,397
Total intergovernmental revenues.....	<u>618</u>	<u>13,397</u>
Total revenues.....	<u>618</u>	<u>13,397</u>
EXPENDITURES:		
Capital outlays.....	7,856	8,416
Debt service.....	28	-
Total expenditures.....	<u>7,884</u>	<u>8,416</u>
Deficiency of revenues over expenditures.....	<u>(7,266)</u>	<u>4,981</u>
OTHER FINANCING SOURCES (USES):		
Proceeds of debt and capital leases.....	7,293	-
Payments to escrow agent for refunded deb.....	-	-
Operating transfers in.....	-	-
Operating transfers out.....	-	-
Total other financing sources.....	<u>7,293</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	27	4,981
Fund balance (deficit), beginning of year.....	(2,716)	(8,413)
Fund balance (deficit), end of year.....\$	<u>(2,689)</u>	<u>\$ (3,432)</u>

City of Boston, Massachusetts

Trust Funds	Bond Refunding	Financial System	Convention Center	Other	Totals	
					1999	1998
\$ -	\$ -	\$ -	\$ -	99 \$	99 \$	-
14	-	-	-	-	2,608	2,255
14	-	-	-	99	2,707	2,255
-	-	-	-	-	5	1,053
-	-	-	-	-	17,645	17,343
-	-	-	-	-	17,650	18,396
14	-	-	-	99	20,357	20,651
(14)	-	18,749	55,827	16,019	201,237	190,615
	45	-	-	-	293	432
(14)	45	18,749	55,827	16,019	201,530	191,047
28	(45)	(18,749)	(55,827)	(15,920)	(181,173)	(170,396)
-	-	9,125	130,000	14,500	266,025	179,838
-	-	-	-	-	-	(62,908)
-	-	-	-	-	2,000	9,568
-	-	-	-	-	(82)	(32)
-	-	9,125	130,000	14,500	267,943	126,466
28	(45)	(9,624)	74,173	(1,420)	86,770	(43,930)
(28)	45	5,196	-	5,332	(14,780)	29,150
\$ -	\$ -	\$ (4,428)	\$ 74,173	\$ 3,912	\$ 71,990	\$ (14,780)



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INTERNAL SERVICE FUND

The internal service fund accounts for the City's self insurance for health benefits provided by Blue Cross/Blue Shield for City employees, their dependents and retirees.

Exhibit D-1

INTERNAL SERVICE FUND

Comparative Balance Sheet

June 30, 1999 and 1998

(in thousands)

	1999	1998
ASSETS		
Cash and cash equivalents.....	\$ 4,354	\$ -
Departmental and other receivables.....	-	103
Due from other funds.....	754	782
Total assets.....	<u>\$ 5,108</u>	<u>\$ 885</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 698	\$ 346
Accrued judgments and claims.....	9,740	10,017
Due to other funds.....	-	1,418
Total liabilities.....	<u>10,438</u>	<u>11,781</u>
Fund equity:		
Retained Earnings.....	<u>(5,330)</u>	<u>(10,896)</u>
Total fund deficit.....	<u>(5,330)</u>	<u>(10,896)</u>
Total liabilities and fund equity.....	<u>\$ 5,108</u>	<u>\$ 885</u>

Exhibit D-2

INTERNAL SERVICE FUND

Comparative Statement of Revenues, Expenses and Changes in Fund Equity

Year Ended June 30, 1999 and 1998

(in thousands)

	1999	1998
REVENUES:		
Employer contributions.....	\$ 47,447	\$ 45,998
Employee contributions.....	16,307	15,582
Miscellaneous.....	1,443	256
Total operating revenues.....	<u>65,197</u>	<u>61,836</u>
EXPENSES:		
Administrative and general.....	386	364
Health Benefits.....	59,245	60,565
Total operating expenses.....	<u>59,631</u>	<u>60,929</u>
Operating income.....	5,566	907
Fund deficit, beginning of year.....	<u>(10,896)</u>	<u>(11,803)</u>
Fund deficit, end of year.....	<u><u>\$ (5,330)</u></u>	<u><u>\$ (10,896)</u></u>

Exhibit D-3
INTERNAL SERVICE FUND
 Comparative Statement of Cash Flows
 Year Ended June 30, 1999 and 1998
 (in thousands)

	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities:		
Operating income.....	\$ 5,566	\$ 907
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable.....	103	797
Due to/from other funds.....	(1,390)	(872)
Other liabilities.....	<u>75</u>	<u>(832)</u>
Net cash provided by operating activities.....	4,354	-
 Increase in cash and cash equivalents.....	 4,354	 -
Cash and cash equivalents, beginning of year.....	-	-
Cash and cash equivalents, end of year.....	\$ <u><u>4,354</u></u>	\$ <u><u>-</u></u>

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

State-Boston Retirement System is a defined benefit contributory retirement plan covering employees of the City of Boston, Boston Public Health Commission, Boston Housing Authority, Boston Redevelopment Authority and the Boston Water and Sewer Commission. The system is subject to benefit provisions and financing requirements set forth primarily in Chapter 32 of the Massachusetts General Laws.

Boston Retirement System is the independent contributory plan system available exclusively to City of Boston employees who were employed prior to October 1, 1946.

NONEXPENDABLE TRUST FUNDS

City Funds are used for the maintenance and improvement of the City's parks and cemeteries and the erection and maintenance of statues and monuments for the use and enjoyment of City residents.

School Funds are used for scholarship awards, the purchase of educational equipment and the aid of needy students.

George Robert White Fund was formed by the will of George R. White dated May 21, 1920. The will requires that the Fund's income be used for the creation of public utility and beauty for the use and enjoyment of the inhabitants of the City.

EXPENDABLE TRUST FUNDS

City Funds, School Funds and the George Robert White Fund account for the accumulated interest and dividends generated from the Nonexpendable Trust Funds awaiting expenditure or reinvestment of principal and income.

Law Enforcement Trust Fund accounts for proceeds from property seized from illegal drug related activities. Funds can be used to defray the costs of protracted investigations, to provide technical equipment or expertise and provide matching funds for federal grants.

Neighborhood Housing Fund was established to support the creation and preservation of affordable housing for low and moderate income residents of Boston. Developers of certain large-scale commercial real estate projects in the City are required to make contributions in the form of payments to the Fund.

Neighborhood Jobs Fund was established to protect and provide employment opportunities for low and moderate income residents of Boston. As mandated by the Boston Zoning Code, developers of certain large-scale commercial real estate projects in the City are required to make contributions to the Fund over a two year period.

City of Boston, Massachusetts

Exhibit E-1

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	<u>Pension Trust Funds</u>			
	<u>State-Boston</u>	<u>Boston</u>	<u>Total</u>	
	<u>Retirement</u>	<u>Retirement</u>	<u>Pension</u>	
	<u>System</u>	<u>System</u>	<u>Trust Funds</u>	
ASSETS				
Cash and investments.....	\$ 2,672,140	\$ 92	\$ 2,672,232	
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):				
Intergovernmental.....	19,034	-	19,034	
Departmental and other.....	168,407	-	168,407	
Total receivables.....	<u>187,441</u>	<u>-</u>	<u>187,441</u>	
Due from other funds.....	59,568	56	59,624	
Property, plant and equipment, net of accumulated depreciation.....	<u>-</u>	<u>-</u>	<u>-</u>	
Total assets.....	\$ <u>2,919,149</u>	\$ <u>148</u>	\$ <u>2,919,297</u>	
LIABILITIES AND FUND EQUITY				
Liabilities:				
Warrants and accounts payable.....	\$ 140,368	\$ -	\$ 140,368	
Other accrued liabilities.....	6,742	-	6,742	
Due to other funds.....	-	-	-	
Notes payable.....	<u>-</u>	<u>-</u>	<u>-</u>	
Total liabilities.....	<u>147,110</u>	<u>-</u>	<u>147,110</u>	
Fund Equity:				
Reserved for:				
Endowments.....	-	-	-	
Employee retirement system.....	2,772,039	148	2,772,187	
Unreserved:				
Undesignated.....	<u>-</u>	<u>-</u>	<u>-</u>	
Total fund equity.....	<u>2,772,039</u>	<u>148</u>	<u>2,772,187</u>	
Total liabilities and fund equity.....	\$ <u>2,919,149</u>	\$ <u>148</u>	\$ <u>2,919,297</u>	

Nonexpendable Trust Funds			
City Funds	School Funds	George Robert White Fund	Total Nonexpendable Trust Funds
\$ 52,858	\$ 889	\$ 22,479	\$ 76,226
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
60	-	30	90
<u>\$ 52,918</u>	<u>\$ 889</u>	<u>\$ 22,509</u>	<u>\$ 76,316</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
52,918	889	22,509	76,316
-	-	-	-
-	-	-	-
<u>52,918</u>	<u>889</u>	<u>22,509</u>	<u>76,316</u>
<u>\$ 52,918</u>	<u>\$ 889</u>	<u>\$ 22,509</u>	<u>\$ 76,316</u>

(continued)

Exhibit E-1 (continued)

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	<u>Expendable Trust Funds</u>		
	<u>City Funds</u>	<u>School Funds</u>	<u>George Robert White Fund</u>
ASSETS			
Cash and investments.....	\$ 22,506	\$ 299	\$ 3,156
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	-	-	-
Departmental and other.....	-	-	-
Total receivables.....	-	-	-
Due from other funds.....	-	-	-
Property, plant and equipment, net of accumulated depreciation.....	-	-	-
Total assets.....	<u>\$ 22,506</u>	<u>\$ 299</u>	<u>\$ 3,156</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ -	\$ -	\$ -
Other accrued liabilities.....	765	1	33
Due to other funds.....	48	1	15
Notes payable.....	-	-	-
Total liabilities.....	<u>813</u>	<u>2</u>	<u>48</u>
Fund Equity:			
Reserved for:			
Endowments.....	-	-	-
Employee retirement system.....	-	-	-
Unreserved:			
Undesignated.....	21,693	297	3,108
Total fund equity.....	<u>21,693</u>	<u>297</u>	<u>3,108</u>
Total liabilities and fund equity.....	<u>\$ 22,506</u>	<u>\$ 299</u>	<u>\$ 3,156</u>

Expendable Trust Funds			
Law Enforcement Trust Fund	Neighborhood Housing Trust	Neighborhood Jobs Trust	Total Expendable Trust Funds
\$ 41	\$ 10,343	\$ 1,314	\$ 37,659
-	1,324	-	1,324
-	1,059	133	1,192
-	2,383	133	2,516
-	-	-	-
-	-	-	-
\$ 41	\$ 12,726	\$ 1,447	\$ 40,175
\$ -	\$ -	\$ -	\$ -
-	34	1	834
-	-	-	64
-	888	-	888
-	922	1	1,786
-	-	-	-
-	-	-	-
41	11,804	1,446	38,389
41	11,804	1,446	38,389
\$ 41	\$ 12,726	\$ 1,447	\$ 40,175

(continued)

Exhibit E-I (continued)

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	Totals	
	1999	1998
ASSETS		
Cash and investments.....	\$ 2,786,117	\$ 2,428,151
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	20,358	21,485
Departmental and other.....	169,599	100,769
Total receivables.....	<u>189,957</u>	<u>122,254</u>
Due from other funds.....	59,624	58,644
Property, plant and equipment, net of accumulated depreciation.....	<u>90</u>	<u>90</u>
Total assets.....	\$ <u>3,035,788</u>	\$ <u>2,609,139</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 140,368	\$ 82,756
Other accrued liabilities.....	7,576	6,782
Due to other funds.....	64	336
Notes payable.....	888	2,248
Total liabilities.....	<u>148,896</u>	<u>92,122</u>
Fund Equity:		
Reserved for:		
Endowments.....	76,316	69,810
Employee retirement system.....	2,772,187	2,411,186
Unreserved:		
Undesignated.....	<u>38,389</u>	<u>36,021</u>
Total fund equity.....	<u>2,886,892</u>	<u>2,517,017</u>
Total liabilities and fund equity.....	\$ <u>3,035,788</u>	\$ <u>2,609,139</u>

Exhibit E-2

PENSION TRUST FUNDS

Combining Statement of Plan Net Assets

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	State-Boston Retirement System	Boston Retirement System	Totals	
			1999	1998
ASSETS				
Cash and short-term investments.....	\$ 92,246	\$ 92	\$ 92,338	\$ 88,828
Receivables:				
Intergovernmental.....	19,034	-	19,034	20,207
Departmental and othe.....	168,407	-	168,407	96,958
Due from other funds.....	59,568	56	59,624	58,644
Total receivables.....	<u>247,009</u>	<u>56</u>	<u>247,065</u>	<u>175,809</u>
Investments:				
U.S. Government Obligations.....	74,468	-	74,468	63,574
U.S. Government Agency Obligations.....	3,105	-	3,105	81,510
Debt Securities.....	1,662,029	-	1,662,029	665,620
Equity Securities.....	702,698	-	702,698	1,334,042
Venture Capital Funds.....	18,670	-	18,670	16,856
Real Estate Funds.....	118,924	-	118,924	74,328
Total investments.....	<u>2,579,894</u>	<u>-</u>	<u>2,579,894</u>	<u>2,235,930</u>
 Total assets.....	 <u>\$ 2,919,149</u>	 <u>\$ 148</u>	 <u>\$ 2,919,297</u>	 <u>\$ 2,500,567</u>
LIABILITIES				
Liabilities:				
Warrants and accounts payable.....	\$ 140,368	\$ -	\$ 140,368	\$ 82,756
Other accrued liabilities.....	6,742	-	6,742	6,625
Total liabilities.....	<u>147,110</u>	<u>-</u>	<u>147,110</u>	<u>89,381</u>
 Net assets held in trust for pension benefits.....	 <u>\$ 2,772,039</u>	 <u>\$ 148</u>	 <u>\$ 2,772,187</u>	 <u>\$ 2,411,186</u>

City of Boston, Massachusetts

Exhibit E-3

PENSION TRUST FUNDS

Combining Statement of Changes in Plan Net Assets

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	State-Boston Retirement System	Boston Retirement System	Totals	
			1999	1998
ADDITIONS:				
Contributions:				
Employer.....	\$ 138,784	\$ 71	\$ 138,855	\$ 135,479
Employee.....	67,071	-	67,071	62,016
Total contributions.....	205,855	71	205,926	197,495
Investment Income:				
Realized and unrealized gains on investments.....	317,221	-	317,221	321,029
Interest.....	51,620	7	51,627	47,488
Total investment income.....	368,841	7	368,848	368,517
Intergovernmental.....	23,199	-	23,199	20,599
Total additions.....	597,895	78	597,973	586,611
DEDUCTIONS:				
Benefits.....	213,081	191	213,272	211,464
Refunds of contributions.....	21,843	-	21,843	24,563
Administrative expenses.....	1,856	1	1,857	1,869
Total deductions.....	236,780	192	236,972	237,896
Net increase (decrease).....	361,115	(114)	361,001	348,715
Net assets held in trust for pension benefits:				
Beginning of year.....	2,410,924	262	2,411,186	2,062,471
End of year.....	\$ 2,772,039	\$ 148	\$ 2,772,187	\$ 2,411,186



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Exhibit E-4

EXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	City Funds	School Funds	George Robert White Fund
REVENUES:			
Investment income.....	\$ 700	\$ 15	\$ 98
Departmental and other.....	2,944	6	19
Total revenues.....	<u>3,644</u>	<u>21</u>	<u>117</u>
EXPENDITURES:			
General government.....	554	12	233
Human services.....	-	-	-
Public works.....	-	-	146
Parks and recreation.....	3,894	-	-
Schools.....	-	47	-
Total expenditures.....	<u>4,448</u>	<u>59</u>	<u>379</u>
Excess (deficiency) of revenues over expenditures.....	(804)	(38)	(262)
OTHER FINANCING SOURCES (USES):			
Operating transfers out.....	(1,589)	-	-
Operating transfers in.....	2,114	48	1,251
Total other financing sources.....	<u>525</u>	<u>48</u>	<u>1,251</u>
Excess (deficiency) of revenues over expenditures.....	(279)	10	989
Fund balance, beginning of year.....	<u>21,972</u>	<u>287</u>	<u>2,119</u>
Fund balance, end of year.....	<u>\$ 21,693</u>	<u>\$ 297</u>	<u>\$ 3,108</u>

Law Enforcement Trust Fund	Neighborhood Housing Trust	Neighborhood Jobs Trust	Totals	
			1999	1998
\$ -	\$ 486	\$ 50	\$ 1,349	\$ 5,122
66	1,849	963	5,847	4,304
66	2,335	1,013	7,196	9,426
104	8	39	950	1,283
-	1,358	257	1,615	682
-	-	-	146	150
-	-	-	3,894	3,201
-	-	-	47	30
104	1,366	296	6,652	5,346
(38)	969	717	544	4,080
-	-	-	(1,589)	(700)
-	-	-	3,413	7,110
-	-	-	1,824	6,410
(38)	969	717	2,368	10,490
79	10,835	729	36,021	25,531
\$ 41	\$ 11,804	\$ 1,446	\$ 38,389	\$ 36,021

Exhibit E-5

NONEXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	City Funds	School Funds	George Robert White Fund	Totals 1999	1998
REVENUES:					
Investment income.....	\$ 7,092	\$ 82	\$ 2,647	\$ 9,821	\$ 27,029
Departmental and other revenue.....	58	40	-	98	-
Total operating revenues.....	<u>7,150</u>	<u>122</u>	<u>2,647</u>	<u>9,919</u>	<u>27,029</u>
Operating income.....	<u>7,150</u>	<u>122</u>	<u>2,647</u>	<u>9,919</u>	<u>27,029</u>
Operating transfers out.....	<u>(2,114)</u>	<u>(48)</u>	<u>(1,251)</u>	<u>(3,413)</u>	<u>(7,110)</u>
Net income.....	5,036	74	1,396	6,506	19,919
Fund equity, beginning of year.....	47,882	815	21,113	69,810	49,891
Fund equity, end of year.....	<u>\$ 52,918</u>	<u>\$ 889</u>	<u>\$ 22,509</u>	<u>\$ 76,316</u>	<u>\$ 69,810</u>

Exhibit E-6

NONEXPENDABLE TRUST FUNDS
Combining Statement of Cash Flows
Year Ended June 30, 1999
(in thousands)

	City Funds	School Funds	George Robert White Fund	Totals
			1999	1998
Cash flows from operating activities:				
Operating income.....	\$ 7,150	\$ 122	\$ 2,647	\$ 27,029
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Reclassification of investment income.....	(7,092)	(82)	(2,647)	(27,029)
Changes in operating assets and liabilities:				
Accounts receivable.....	-	-	-	12
Due to/from other funds.....	-	-	-	(1)
Other assets.....	-	-	-	(53)
Net cash provided (used) by operating activities.....	58	40	-	(42)
Cash flows from noncapital financing activities:				
Operating transfers out.....	(2,114)	(48)	(1,251)	(7,110)
Net cash used by noncapital financing activities.....	(2,114)	(48)	(1,251)	(7,110)
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets.....	-	-	-	101
Net cash provided by capital and related financing activities	-	-	-	101
Cash Flows From Investing Activities:				
Purchase of investment securities.....	(5,036)	(74)	(1,509)	(21,680)
Investment income.....	7,092	82	2,647	27,029
Net cash provided by investing activities.....	2,056	8	1,138	5,349
Increase (decrease) in cash and cash equivalents.....	-	-	(113)	(1,702)
Cash and cash equivalents, beginning of year.....	-	10	625	2,337
Cash and cash equivalents, end of year.....	-	10	512	635
Investments, end of year.....	52,858	879	21,967	69,085
Total cash and investments, end of year.....	\$ 52,858	\$ 889	\$ 22,479	\$ 69,720



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DISCRETELY PRESENTED COMPONENT UNITS

Discretely Presented Component Units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body with certain exceptions, and either (a) the ability to impose will by the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burden on the primary government.

Boston Public Health Commission is an independent body politic and corporate and political subdivision of the Commonwealth, whose purpose is to implement public health programs in the City and serves as the board of health for the City. The commission is also responsible for the City's homeless shelter program, for the development of public health initiatives and for emergency ambulance service in the City.

Trustees of the Boston Public Library is an endowment whose income is restricted to donor – designated purposes or to the general purposes of the Boston Public Library.

Boston Redevelopment Authority is a public body politic and corporate constituting the City's redevelopment authority and exercising the powers of a planning board for the City and, within the City, assuming certain powers of the state Department of Community Affairs.

Economic Development Industrial Corporation is a quasi – public agency of the City of Boston and instrumentality of the Commonwealth, whose purpose is to create and retain industrial companies and jobs through economic development, industrial real estate management, financing and job training.

Exhibit F-1

DISCRETELY PRESENTED COMPONENT UNITS

Combining Balance Sheet

June 30, 1999

(in thousands)

(with comparative totals for 1998)

	Public Health Commission	Trustees of the Public Library
ASSETS		
Cash and investments.....	\$ 15,207	\$ 53,270
Restricted cash and investments.....	3,924	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	-	3,222
Departmental and other.....	1,677	438
Total receivables.....	<u>1,677</u>	<u>3,660</u>
Due from other funds.....	-	1,370
Due from primary government.....	545	-
Due from BMC.....	158,421	-
Other assets.....	833	-
Property, plant and equipment, net of accumulated depreciation.....	19,569	922
Amount to be provided for the retirement of long-term debt.....	170,607	-
Total assets.....	\$ <u>370,783</u>	\$ <u>59,222</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 3,775	\$ 1,930
Accrued liabilities:		
Judgments and claims.....	-	-
Sick and vacation.....	-	-
Retirement costs.....	-	-
Other.....	5,026	-
Due to other funds.....	-	1,370
Due to BMC.....	6,544	-
Due to primary government.....	170,770	2,797
Deferred revenue.....	158,608	1,993
Bonds and notes payable.....	-	-
Total liabilities.....	<u>344,723</u>	<u>8,090</u>
Fund equity:		
Investment in general fixed assets.....	19,569	922
Retained earnings.....	-	-
Fund balances:		
Reserved for endowments.....	-	37,805
Reserved for encumbrances and continuing appropriations.....	-	12,279
Unreserved:		
Designated for subsequent year expenditures.....	3,100	-
Undesignated.....	3,391	126
Total fund balances.....	<u>6,491</u>	<u>50,210</u>
Total fund equity.....	<u>26,060</u>	<u>51,132</u>
Total liabilities and fund equity.....	\$ <u>370,783</u>	\$ <u>59,222</u>

City of Boston, Massachusetts

Boston Redevelopment Authority	Economic Development Industrial Corporation	Totals	
		1999	1998
\$ 19,522	\$ 10,451	\$ 98,450	\$ 82,510
2,234	2,184	8,342	7,866
735	7,275	11,232	5,743
68,726	11,182	82,023	80,863
69,461	18,457	93,255	86,606
-	-	1,370	136
-	-	545	2,696
-	-	158,421	169,016
-	584	1,417	1,327
963	23,691	45,145	48,394
2,660	-	173,267	181,184
\$ 94,840	\$ 55,367	\$ 580,212	\$ 579,735
\$ 64,467	\$ 5,700	\$ 75,872	\$ 68,916
-	-	-	528
1,185	-	1,185	1,167
-	-	-	2,908
2,263	2,434	9,723	11,488
-	-	1,370	136
-	-	6,544	8,641
-	-	173,567	178,824
18,581	9,847	189,029	190,671
1,475	19,508	20,983	21,694
87,971	37,489	478,273	484,973
963	-	21,454	24,038
-	17,878	17,878	14,809
-	-	37,805	33,883
-	-	12,279	12,257
-	-	3,100	-
5,906	-	9,423	9,775
5,906	-	62,607	55,915
6,869	17,878	101,939	94,762
\$ 94,840	\$ 55,367	\$ 580,212	\$ 579,735

Exhibit F-2

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 1999
(in thousands)
(with comparative totals for 1998)

	Boston Redevelopment Authority		Public Health Commission		Totals	
	1999		1998		1999	
	1998		1999		1998	
REVENUES:						
Local:						
Investment income.....	\$	212	\$	919	\$	1,131
Departmental and other revenue.....		9,444		20,216		29,660
Total local revenues.....		<u>9,656</u>		<u>21,135</u>		<u>30,791</u>
Intergovernmental:						
Federal.....		-		30,117		30,117
Local.....		52,557		-		52,557
Total intergovernmental revenues.....		<u>52,557</u>		<u>30,117</u>		<u>82,674</u>
Total revenues.....		<u>62,213</u>		<u>51,252</u>		<u>113,465</u>
EXPENDITURES:						
Current operations:						
General government.....	7,442		11,413		18,855	19,270
Public health programs.....	-		56,699		56,699	56,799
Retirement costs.....	981		-		981	20,595
Other employee benefits.....	921		-		921	-
Subsidies to BMC and EMS.....	-		7,283		7,283	4,973
Assistance grants to BMC.....	-		8,000		8,000	7,000
Community development.....	52,311		-		52,311	-
Capital outlays.....	43		-		43	2,419
Total expenditures.....	<u>61,698</u>		<u>83,395</u>		<u>145,093</u>	<u>111,056</u>
Excess of revenues over expenditures.....	<u>515</u>		<u>(32,143)</u>		<u>(31,628)</u>	<u>(45,926)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers from primary government.....	-		(18,525)		(18,525)	66,678
Operating transfers to primary government.....	-		54,340		54,340	(19,019)
Total other financing sources.....	<u>-</u>		<u>35,815</u>		<u>35,815</u>	<u>47,659</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	<u>515</u>		<u>3,672</u>		<u>4,187</u>	<u>1,733</u>
Fund balance, beginning of year.....	5,391		2,819		8,210	6,477
Fund balance, end of year.....	<u>\$ 5,906</u>		<u>\$ 6,491</u>		<u>\$ 12,397</u>	<u>\$ 8,210</u>

Exhibit F-3

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended June 30, 1999
(in thousands)
(with comparative totals for 1998)

	Trustees of the Public Library	Economic Development Industrial Corporation	Totals
	1999	1998	
REVENUES:			
Contributions and donations.....	\$ 19,489	\$ -	\$ 19,489
Rental income.....	-	9,089	9,089
Investment income.....	2,469	-	2,469
Net unrealized gain/(loss).....	2,353	-	2,353
Miscellaneous.....	238	1,018	1,256
Total operating revenues.....	24,549	10,107	34,656
			27,819
EXPENSES:			
Salaries and wages.....	3,846	7,234	11,080
Professional fees.....	-	649	649
Administrative and general.....	4,784	2,708	7,492
Materials, supplies and equipment.....	7,100	110	7,210
Depreciation.....	-	1,044	1,044
Bad debts.....	-	58	58
Capital Outlays.....	4,314	-	4,314
Subsidies for community services, special programs and real estate operations.....	-	13,307	13,307
Total operating expenses.....	20,044	25,110	45,154
Operating income (loss).....	4,505	(15,003)	(10,498)
			9,806
Nonoperating revenues and expenses:			
Grant income.....	-	17,681	17,681
Interest income.....	-	1,364	1,364
Interest expense.....	-	(973)	(973)
Total nonoperating revenue.....	-	18,072	18,072
			13,518
Operating Transfers:			
Operating transfers to primary government.....	(2,000)	-	(2,000)
Net Income.....	2,505	3,069	5,574
Fund equity, beginning of year, as previously reported.....	47,705	14,809	62,514
Fund equity, end of year.....	50,210	17,878	68,088
			62,514

Exhibit F-4

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statement of Cash Flows

Year Ended June 30, 1999

(in thousands)

(with comparative totals for 1998)

	Trustees of the Public Library
Cash Flows From Operating Activities:	
Operating income (loss).....	\$ 4,505
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation and amortization.....	-
Net increase in fair value of investments.....	(2,353)
Reclassification of investment income.....	(2,469)
Provisions for bad debt.....	-
Debt forgiveness.....	-
Changes in operating assets and liabilities:	
Accounts receivable.....	(140)
Intergovernmental receivables.....	(2,059)
Other assets.....	-
Due to/from primary government.....	2,272
Accounts payable.....	200
Other accrued liabilities.....	1,234
Deferred revenue.....	1,743
Net cash provided by operating activities.....	<u>2,933</u>
Cash Flows From Noncapital Financing Activities:	
Advances from grantors.....	-
Operating transfers to primary government.....	(2,000)
Net cash used by noncapital financing activities.....	<u>(2,000)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets.....	-
Interest paid on debt.....	-
Repayment of long-term debt.....	-
Net cash used by capital and related financing activities.....	<u>-</u>
Cash Flows From Investing Activities:	
Purchase of investment securities.....	-
Proceeds from sale of investment securities.....	1,120
Investment income.....	2,469
Net cash provided (used) by investing activities.....	<u>3,589</u>
Increase (decrease) in cash and cash equivalents.....	4,522
Cash and cash equivalents, beginning of year.....	5,040
Cash and cash equivalents, end of year.....	9,562
Investments, end of year.....	43,708
Total cash and investments, end of year.....	\$ <u><u>53,270</u></u>

City of Boston, Massachusetts

Economic Development Industrial Corporation	Totals	
	1999	1998
\$ (15,003)	\$ (10,498)	\$ (9,979)
1,044	1,044	1,319
-	(2,353)	1,158
-	(2,469)	(6,236)
58	58	309
-	-	(358)
(135)	(275)	83
(3,485)	(5,544)	(1,156)
(56)	(56)	(6)
-	2,272	324
2,028	2,228	324
21	1,255	(204)
153	1,896	(659)
<u>(15,375)</u>	<u>(12,442)</u>	<u>(15,081)</u>
17,681	17,681	13,242
-	(2,000)	-
<u>17,681</u>	<u>15,681</u>	<u>13,242</u>
(298)	(298)	(382)
(973)	(973)	(1,012)
(756)	(756)	(945)
<u>(2,027)</u>	<u>(2,027)</u>	<u>(2,339)</u>
(10,757)	(10,757)	(9,205)
8,947	10,067	6,750
1,364	3,833	7,524
<u>(446)</u>	<u>3,143</u>	<u>5,069</u>
(167)	4,355	891
3,754	8,794	7,903
3,587	13,149	8,794
6,864	50,572	49,230
<u>\$ 10,451</u>	<u>\$ 63,721</u>	<u>\$ 58,024</u>



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GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for the fixed assets owned by the City, exclusive of infrastructure and those relating to proprietary fund operations. Assets were recorded at cost or at amounts considered by management to represent estimated historical cost. In accordance with generally accepted accounting principles for governmental units, depreciation is not required to be recorded on general fixed assets.

Exhibit G-1

Schedule of General Fixed Assets by Source

June 30, 1999 and 1998

(in thousands)

	<u>1999</u>	<u>1998</u>
General fixed assets:		
Land and Buildings.....	\$ 615,880	\$ 541,380
Furniture and Fixtures.....	35,110	34,542
Vehicles and Maintenance Equipment.....	91,098	78,760
Machinery and Equipment.....	84,136	67,524
Total general fixed assets.....	<u>\$ 826,224</u>	<u>\$ 722,206</u>
Investment in general fixed assets from:		
Acquisitions on or prior to June 30, 1993 ⁽¹⁾	\$ 537,511	\$ 537,511
General Fund.....	96,237	89,157
Special Revenue Fund.....	7,718	4,749
Capital Projects Fund.....	112,119	37,619
Capital Lease Obligations.....	72,639	53,170
Total investment in general fixed assets.....	<u>\$ 826,224</u>	<u>\$ 722,206</u>

(1) It is not practicable to determine the historical sources of general fixed assets acquired prior to June 30, 1993.

Exhibit G-2

Schedule of General Fixed Assets by Function and Activity

June 30, 1999

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
GENERAL GOVERNMENT					
Mayor's Office..... \$	- \$	149 \$	50 \$	297 \$	496
City Council.....	-	75	-	279	354
Consumer Affairs and Licensing.....	-	17	-	29	46
Office of Community Partnerships.....	-	31	-	47	78
Election Department.....	-	60	118	5,539	5,717
Boston 2-6.....	-	7	-	21	28
Auditing Department.....	-	137	-	182	319
Assessing Department.....	-	183	183	524	890
Treasury Department.....	-	100	-	552	652
Office of Budget Management.....	-	170	5	120	295
Human Resources.....	-	95	-	147	242
Purchasing Division.....	-	58	-	233	291
Office of Chief Operating Officer.....	-	14	-	39	53
Graphic Arts.....	-	22	18	1,192	1,232
Office of Labor Relations.....	-	19	-	59	78
Health Insurance Division.....	-	30	-	46	76
Management Information System.....	-	127	32	9,279	9,438
Intergovernmental Relations.....	-	14	-	26	40
Law Department.....	-	103	19	256	378
Environment Department.....	-	58	-	98	156
Worker's Compensation Division.....	-	42	-	100	142
Minority\Women's Business Ent.....	-	19	-	67	86
Office of New Bostonians.....	-	7	-	19	26
City Clerk.....	-	40	-	83	123
Registry Division.....	-	28	-	40	68
Finance Commission.....	-	11	-	15	26
Fair Housing Commission.....	-	62	-	103	165
Emergency Shelter Commission.....	-	7	27	24	58
Taxpayer Referral.....	-	10	-	35	45
Women's Commission.....	-	8	-	13	21
Press Office.....	-	11	5	18	34
Neighborhood Services.....	-	37	28	62	127
Office of Special Events & Tourism.....	-	16	29	25	70
Business and Cultural Development.....	-	13	-	39	52
Total General Government.....	-	1,780	514	19,608	21,902

(continued)

Exhibit G-2 (continued)

Schedule of General Fixed Assets by Function and Activity

June 30, 1999

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
HUMAN SERVICES					
Rent Equity Board.....	-	60	-	63	123
Elderly Commission.....	-	58	993	121	1,172
Veterans Services Department.....	-	49	-	61	110
Total Human Services.....	-	167	993	245	1,405
PUBLIC SAFETY					
Police Department.....	73,139	1,238	21,913	12,640	108,930
Fire Department.....	24,842	851	24,356	3,782	53,831
Transportation - Traffic Division.....	-	226	2,993	296	3,515
Transportation - Parking Clerk.....	-	70	-	339	409
Transportation Central Artery Tunnel.....	-	22	-	80	102
Licensing Board.....	-	33	-	36	69
Inspectional Services Department.....	-	358	522	1,131	2,011
Youth Fund.....	-	8	-	62	70
Total Public Safety.....	97,981	2,806	49,784	18,366	168,937
PUBLIC WORKS					
Public Works Department.....	3,606	348	10,224	2,143	16,321
PROPERTY AND DEVELOPMENT					
Property Management.....	34,202	136	1,387	633	36,358
Public Facilities Department.....	13,311	2,843	885	3,329	20,368
Total Property and Development.....	47,513	2,979	2,272	3,962	56,726
PARKS AND RECREATION					
Parks and Recreation Department.....	3,715	157	3,415	652	7,939
LIBRARY					
Library Department.....	13,333	1,699	231	2,857	18,120
SCHOOLS					
General School Purposes.....	449,732	24,105	22,044	33,659	529,540
COUNTY					
Registry of Deeds.....	-	-	-	-	-
Suffolk County Jails.....	-	261	1,052	1,735	3,048
Suffolk County House of Corrections.....	-	808	569	909	2,286
Total County.....	\$ -	1,069	1,621	2,644	5,334
 Total General Fixed Assets.....	 \$ 615,880	 \$ 35,110	 \$ 91,098	 \$ 84,136	 \$ 826,224

Exhibit G-3

Schedule of Changes in General Fixed Assets by Function and Activity

Year Ended June 30, 1999

(in thousands)

Function and Activity	General Fixed Assets July 1, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
GENERAL GOVERNMENT				
Mayor's Office.....	\$ 364	\$ 157	\$ 25	\$ 496
City Council.....	358	30	34	354
Consumer Affairs and Licensing.....	42	14	10	46
Office of Community Partnerships.....	68	10	-	78
Election Department.....	5,716	28	27	5,717
Boston 2-6 Program.....	-	28	-	28
Auditing Department.....	305	91	77	319
Assessing Department.....	1,148	70	328	890
Treasury Department.....	633	114	95	652
Office of Budget Management.....	237	100	42	295
Human Resources.....	184	76	18	242
Purchasing Division.....	435	104	248	291
Office of Chief Operating Officer.....	52	13	12	53
Graphic Arts.....	1,283	-	51	1,232
Office of Labor Relations.....	84	3	9	78
Health Insurance Division.....	76	-	-	76
Management Information System.....	9,429	102	93	9,438
Intergovernmental Relations.....	38	15	13	40
Law Department.....	372	10	4	378
Environment Department.....	125	45	14	156
Worker's Compensation Division.....	137	55	50	142
Minority\Women's Business Ent.....	43	47	4	86
Office of New Bostonians.....	-	26	-	26
City Clerk.....	127	2	6	123
Registry Division.....	62	12	6	68
Finance Commission.....	24	3	1	26
Fair Housing Commission.....	212	5	52	165
Emergency Shelter Commission.....	61	1	4	58
Taxpayer Referral.....	-	45	-	45
Women's Commission.....	9	12	-	21
Press Office.....	29	5	-	34
Neighborhood Services.....	127	-	-	127
Office of Special Events/Tourism.....	67	18	15	70
Business and Cultural Development	52	-	-	52
Total General Government.....	21,899	1,241	1,238	21,902

(continued)

Exhibit G-3 (continued)

Schedule of Changes in General Fixed Assets by Function and Activity

Year Ended June 30, 1999

(in thousands)

Function and Activity	General Fixed Assets July 1, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
HUMAN SERVICES				
Rent Equity Board.....	112	37	26	123
Elderly Commission.....	1,140	52	20	1,172
Veterans Services Department.....	81	50	21	110
Total Human Services.....	<u>1,333</u>	<u>139</u>	<u>67</u>	<u>1,405</u>
PUBLIC SAFETY				
Police Department.....	54,034	57,886	2,990	108,930
Fire Department.....	47,665	6,426	260	53,831
Transportation - Traffic Division.....	3,228	831	544	3,515
Transportation - Parking Clerk.....	97	312	-	409
Transportation Central Artery Tunnel.....	95	8	1	102
Licensing Board.....	60	9	-	69
Inspectional Services Department.....	1,538	529	56	2,011
Youth Fund.....	26	49	5	70
Total Public Safety.....	<u>106,743</u>	<u>66,050</u>	<u>3,856</u>	<u>168,937</u>
PUBLIC WORKS				
Public Works Department.....	15,658	1,247	584	16,321
PROPERTY AND DEVELOPMENT				
Property Management.....	35,956	411	9	36,358
Public Facilities Department.....	20,769	339	740	20,368
Total Property and Development.....	<u>56,725</u>	<u>750</u>	<u>749</u>	<u>56,726</u>
PARKS AND RECREATION				
Parks and Recreation Department.....	7,440	995	496	7,939
LIBRARY				
Library Department.....	18,173	559	612	18,120
SCHOOLS				
General School Purposes.....	488,812	45,379	4,651	529,540
COUNTY				
Registry of Deeds.....	698	-	698	-
Suffolk County Jail.....	2,599	717	268	3,048
Suffolk County - House of Corrections.....	2,126	240	80	2,286
Total County.....	<u>5,423</u>	<u>957</u>	<u>1,046</u>	<u>5,334</u>
Total General Fixed Assets.....	<u>\$ 722,206</u>	<u>\$ 117,317</u>	<u>\$ 13,299</u>	<u>\$ 826,224</u>

STATISTICAL SECTION

Includes ten-year data for revenues, expenditures, taxes, debt ratios and certain supplemental statistical information.

STATISTICAL INFORMATION

Table-1

General Fund Expenditures by Function (GAAP Basis) ⁽¹⁾

Last Ten Fiscal Years

(in thousands)

<u>Function</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
General Government	\$ 54,283	\$ 43,850	\$ 55,358	\$ 44,060	35,342
% of Total	3.7	3.3	4.3	3.6	2.9
% Change	23.8	(20.8)	25.6	24.7	(0.7)
Public Safety	\$ 353,118	\$ 322,190	\$ 292,935	\$ 279,098	269,189
% of Total	24.2	23.9	22.6	22.5	22.3
% Change	9.6	10.0	5.0	3.7	6.5
Public Works	\$ 70,019	\$ 60,163	\$ 55,843	\$ 60,700	52,466
% of Total	4.8	4.5	4.3	4.9	4.3
% Change	16.4	7.7	(8.0)	15.7	(11.8)
Libraries	\$ 27,441	\$ 24,468	\$ 24,014	\$ 23,412	22,276
% of Total	1.9	1.8	1.8	1.9	1.8
% Change	12.2	1.9	2.6	5.1	3.9
Schools	\$ 537,585	\$ 505,795	\$ 478,659	\$ 453,572	422,359
% of Total	36.8	37.5	36.9	36.7	34.9
% Change	6.3	5.7	5.5	7.4	4.2
Retirement Cost	\$ 83,341	\$ 75,382	\$ 72,299	\$ 68,068	68,230
% of Total	5.7	5.6	5.6	5.5	5.6
% Change	10.6	4.3	6.2	(0.2)	14.7
Employee Benefits	\$ 84,493	\$ 76,279	\$ 75,693	\$ 67,989	66,348
% of Total	5.8	5.7	5.8	5.5	5.5
% Change	10.8	0.8	11.3	2.5	(6.8)
State & District Assessments	\$ 65,569	\$ 64,187	\$ 62,457	\$ 61,600	60,080
% of Total	4.5	4.8	4.8	5.0	5.0
% Change	2.2	2.8	1.4	2.5	3.1
County	\$ 7,362	\$ 8,267	\$ 7,657	\$ 9,592	14,521
% of Total	0.5	0.6	0.6	0.8	1.2
% Change	(10.9)	8.0	(20.2)	(33.9)	38.2
Property & Development	\$ 31,805	\$ 31,934	\$ 30,519	\$ 26,103	23,087
% of Total	2.2	2.4	2.4	2.1	1.9
% Change	(0.4)	4.6	16.9	13.1	7.2
Other ⁽²⁾	\$ 144,534	\$ 133,259	\$ 141,970	\$ 141,728	175,948
% of Total	9.9	9.9	10.9	11.5	14.6
% Change	8.5	(6.1)	0.2	(19.4)	542.1
Total Expenditures	\$ 1,459,550	\$ 1,345,774	\$ 1,297,404	\$ 1,235,922	1,209,846
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	8.5	3.7	5.0	2.2	18.3 ⁽³⁾

(1) Includes General Fund expenditures only. Operating Transfers Out have been excluded from all years.

(2) Includes: Parks, Human Services, Judgments and Claims, Operating Subsidy to Department of Health and Hospitals, Capital Outlays and Debt Service.

(3) The 1995 increase of 18.3% is mainly due to the restatement of Operating Subsidy to Department of Health and Hospitals from Other Financing Sources to Expenditures.

City of Boston, Massachusetts

<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>Function</u>
\$ 35,595	\$ 35,886	\$ 38,825	\$ 44,140	\$ 43,748	General Government
3.5	3.7	3.8	4.2	4.3	% of Total
(0.8)	(7.6)	(12.0)	0.9	(12.4)	% Change
\$ 252,668	\$ 235,421	\$ 238,625	\$ 235,351	\$ 236,840	Public Safety
24.7	24.0	23.6	22.5	23.4	% of Total
7.3	(1.3)	1.4	(0.6)	9.6	% Change
\$ 59,481	\$ 53,864	\$ 52,862	\$ 64,226	\$ 65,951	Public Works
5.8	5.5	5.2	6.1	6.5	% of Total
10.4	1.9	(17.7)	(2.6)	3.6	% Change
\$ 21,436	\$ 21,028	\$ 20,567	\$ 21,814	\$ 21,898	Libraries
2.1	2.1	2.0	2.1	2.2	% of Total
1.9	2.2	(5.7)	(0.4)	2.0	% Change
\$ 405,372	\$ 370,832	\$ 387,438	\$ 396,266	\$ 356,635	Schools
39.6	37.8	38.2	37.9	35.3	% of Total
9.3	(4.3)	(2.2)	11.1	1.0	% Change
\$ 59,502	\$ 81,499	\$ 74,921	\$ 78,994	\$ 89,948	Retirement Cost
5.8	8.3	7.4	7.6	8.9	% of Total
(27.0)	8.8	(5.2)	(12.2)	(7.8)	% Change
\$ 71,175	\$ 68,216	\$ 66,366	\$ 65,836	\$ 57,854	Employee Benefits
7.0	7.0	6.6	6.3	5.7	% of Total
4.3	2.8	0.8	13.8	11.9	% Change
\$ 58,272	\$ 55,163	\$ 52,407	\$ 51,343	\$ 50,308	State & District Assessments
5.7	5.6	5.2	4.9	5.0	% of Total
5.6	5.3	2.1	2.1	4.2	% Change
\$ 10,511	\$ 11,096	\$ 31,673	\$ 30,728	\$ 27,090	County
1.0	1.1	3.1	2.9	2.7	% of Total
(5.3)	(65.0)	3.1	13.4	15.6	% Change
\$ 21,528	\$ 21,543	\$ 22,102	\$ 25,700	\$ 27,746	Property & Development
2.1	2.2	2.2	2.5	2.7	% of Total
(0.1)	(2.5)	(14.0)	(7.4)	0.7	% Change
\$ 27,403	\$ 26,696	\$ 27,765	\$ 31,161	\$ 33,832	Other ⁽²⁾
2.7	2.7	2.7	3.0	3.3	% of Total
2.6	(3.9)	(10.9)	(7.9)	(5.2)	% Change
<u>\$ 1,022,943</u>	<u>\$ 981,244</u>	<u>\$ 1,013,551</u>	<u>\$ 1,045,559</u>	<u>\$ 1,011,850</u>	Total Expenditures
100.0	100.0	100.0	100.0	100.0	% of Total
4.2	(3.2)	(3.1)	3.3	2.4	% Change

Table-2

General Fund Revenues by Source (GAAP Basis) ⁽¹⁾
Last Ten Fiscal Years
(in thousands)

<u>Source</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Property Taxes	\$ 792,569	\$ 754,561	\$ 720,577	\$ 687,404	\$ 654,830
% of Total	51.9	52.8	53.4	53.4	53.8
% Change	5.0	4.7	4.8	5.0	6.9
Motor Vehicle Excises	\$ 33,095	\$ 32,341	\$ 30,276	\$ 27,641	\$ 24,476
% of Total	2.2	2.3	2.2	2.2	2.0
% Change	2.3	6.8	9.5	12.9	12.8
Other Excises ⁽²⁾	\$ 35,143	\$ 34,900	\$ 33,263	\$ 29,698	\$ 28,297
% of Total	2.3	2.4	2.5	2.3	2.3
% Change	0.7	4.9	12.0	5.0	2.5
Departmental & Other	\$ 56,415	\$ 50,241	\$ 47,968	\$ 42,724	\$ 37,386
% of Total	3.7	3.5	3.6	3.3	3.1
% Change	12.3	4.7	12.3	14.3	5.8
State Distributions	\$ 456,958	\$ 414,778	\$ 380,440	\$ 360,020	\$ 346,317
% of Total	29.9	29.0	28.2	28.0	28.4
% Change	10.2	9.0	5.7	4.0	4.5
Payment in Lieu of Taxes	\$ 63,022	\$ 56,224	\$ 52,337	\$ 49,540	\$ 47,729
% of Total	4.1	3.9	3.9	3.8	3.9
% Change	12.1	7.4	5.6	3.8	(0.7)
Fines	\$ 47,693	\$ 46,292	\$ 48,798	\$ 47,373	\$ 50,086
% of Total	3.1	3.2	3.6	3.7	4.1
% Change	3.0	(5.1)	3.0	(5.4)	6.0
Investment Income	\$ 17,884	\$ 18,526	\$ 16,588	\$ 22,925	\$ 13,010
% of Total	1.2	1.3	1.2	1.8	1.1
% Change	(3.5)	11.7	(27.6)	76.2	21.0
Licenses & Permits	\$ 24,010	\$ 21,833	\$ 19,009	\$ 19,970	\$ 15,152
% of Total	1.6	1.6	1.4	1.5	1.3
% Change	10.0	14.9	(4.8)	31.8	(10.0)
Total Revenues	\$ 1,526,789	\$ 1,429,696	\$ 1,349,256	\$ 1,287,295	\$ 1,217,283
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	6.8	6.0	4.8	5.8	5.7

(1) Includes only revenues recorded in the General Fund. Operating Transfers In have been excluded from all years.

(2) Other excise taxes are comprised of Hotel/Motel and Aircraft Fuel excises taxes.

	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>Source</u>
\$ 612,460	\$ 586,532	\$ 564,165	\$ 530,163	\$ 477,296		Property Taxes
53.2	53.0	51.1	47.5	42.7		% of Total
4.4	4.0	6.4	11.1	5.1		% Change
\$ 21,704	\$ 30,146	\$ 18,972	\$ 19,021	\$ 27,084		Motor Vehicle Excises
1.9	2.7	1.7	1.7	2.4		% of Total
(28.0)	58.9	(0.3)	(29.8)	4.9		% Change
\$ 27,607	\$ 25,451	\$ 24,516	\$ 27,920	\$ 21,050		Other Excises ⁽²⁾
2.4	2.3	2.2	2.5	1.9		% of Total
8.5	3.8	(12.2)	32.6	(20.7)		% Change
\$ 35,338	\$ 33,066	\$ 30,829	\$ 36,406	\$ 45,080		Departmental & Other
3.1	3.0	2.8	3.3	4.0		% of Total
6.9	7.3	(15.3)	(19.2)	8.0		% Change
\$ 331,431	\$ 305,908	\$ 327,330	\$ 369,819	\$ 419,790		State Distributions
28.7	27.6	29.6	33.1	37.5		% of Total
8.3	(6.5)	(11.5)	(11.9)	3.3		% Change
\$ 48,083	\$ 49,115	\$ 63,952	\$ 51,377	\$ 53,557		Payment in Lieu of Taxes
4.4	4.4	5.8	4.6	4.8		% of Total
(2.1)	(23.2)	24.5	(4.1)	6.3		% Change
\$ 47,252	\$ 51,157	\$ 48,724	\$ 52,304	\$ 43,872		Fines
4.0	4.6	4.4	4.7	3.9		% of Total
(7.6)	5.0	(6.8)	19.2	4.5		% Change
\$ 10,752	\$ 8,755	\$ 10,167	\$ 15,902	\$ 16,918		Investment Income
0.9	0.8	0.9	1.4	1.5		% of Total
22.8	(13.9)	(36.1)	(6.0)	(33.5)		% Change
\$ 16,839	\$ 16,353	\$ 16,057	\$ 13,492	\$ 14,075		Licenses & Permits
1.4	1.6	1.5	1.2	1.3		% of Total
3.0	1.8	19.0	(4.1)	(27.4)		% Change
<u>\$ 1,151,466</u>	<u>\$ 1,106,483</u>	<u>\$ 1,104,712</u>	<u>\$ 1,116,404</u>	<u>\$ 1,118,722</u>		Total Revenues
100.0	100.0	100.0	100.0	100.0		% of Total
4.1	0.2	(1.0)	(0.2)	2.5		% Change

Table-3
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Millions of \$)

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 1999			All Taxes Collected in Fiscal Year ⁽¹⁾
	Gross ⁽²⁾	Net	Net % Gross	Gross Amount	Gross Levy	% Levy	Net Amount	Gross Levy	Net Levy	
1999	\$ 822.4	\$ 779.7	94.8%	\$ 801.4	97.4%	102.8%	\$ 798.2	97.1%	102.4%	\$ 800.9
1998	782.2	745.2	95.3%	763.6	97.6%	102.5%	758.9	97.0%	101.8%	762.6
1997	746.9	711.6	95.3%	728.6	97.5%	102.4%	721.2	96.6%	101.3%	734.5
1996	719.9	683.1	94.9%	695.6	96.6%	101.8%	683.0	94.9%	100.0%	692.2
1995	693.4	658.5	95.0%	666.7	96.1%	101.2%	648.1	93.5%	98.4%	678.6
1994	663.0	628.0	94.7%	631.9	95.3%	100.6%	614.2	92.6%	97.8%	632.4
1993	627.4	593.4	94.6%	594.3	94.7%	100.2%	574.7	91.6%	96.8%	607.8
1992	587.0	559.2	95.3%	554.1	94.4%	99.1%	530.6	90.4%	94.9%	558.5
1991	555.6	529.2	95.2%	517.8	93.2%	97.8%	495.4	89.2%	93.6%	527.4
1990	521.0	495.0	95.0%	487.1	93.5%	98.4%	475.4	91.2%	96.0%	486.4

(1) Includes the total amount of taxes (current levy, prior levies, and tax titles), net of refunds, collected during each fiscal year since 1987.

(2) Includes omitted assessments assessed in all fiscal years and assessments for delinquent water and sewer bills of \$3.4 million, \$2.7 million, \$2.3 million and \$ 3.6 million added to tax levy in fiscal years 1995, 1994, 1993 and 1992, respectively. Water and sewer bills are rendered by the Boston Water and Sewer Commission; commencing in fiscal year 1992 certain delinquent charges were added to City tax bills.

Source: City of Boston Treasury Department

Table-4
Assessed and Estimated Market Value of All Taxable Property
 (in thousands)
 Last Ten Fiscal Years

Fiscal Year	Real Property ⁽¹⁾		Personal Property		Total Assessed Value ⁽²⁾	Per Capita	Population ⁽³⁾
	Assessed Value	Per Capita	Assessed Value	Per Capita			
1999	\$ 31,508,491	\$ 56,467	\$ 2,298,778	\$ 4,120	\$ 33,807,269	\$ 60,587	558
1998	29,444,968	52,769	2,224,214	3,986	31,669,182	56,755	558
1997	26,848,842	46,434	2,205,506	3,950	29,054,348	52,032	558
1996	25,432,925	46,434	2,086,187	3,809	27,519,112	50,243	548
1995	24,216,973	42,169	2,062,605	3,592	26,279,578	45,761	574
1994	23,215,458	40,425	1,809,288	3,151	25,024,746	43,576	574
1993	23,769,097	41,389	1,744,726	3,038	25,513,823	44,427	574
1992	26,338,862	45,864	1,519,099	2,645	27,857,961	48,509	574
1991	32,828,943	57,165	1,336,554	2,327	34,165,497	59,492	574
1990	32,449,287	56,157	1,223,936	2,118	33,673,223	58,275	578

(1) Exempt residential properties not included.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(3) Population estimates are from U.S. Department of Commerce, Bureau of the Census.

Source: City of Boston Assessing Department

Table-5

**Property Tax Rates
Direct and Overlapping Governments ⁽¹⁾
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Class</u>	<u>Schools</u>	<u>City General</u>	<u>Total</u>	<u>% Change</u>
1999	Residential	-	\$ 13.44	13.44	(0.2) %
	C.I.P.	-	37.04	37.04	(3.7) %
1998	Residential	-	13.47	13.47	(1.9) %
	C.I.P.	-	38.45	38.45	(7.3) %
1997	Residential	-	13.73	13.73	(0.4) %
	C.I.P.	-	41.50	41.50	(2.6) %
1996	Residential	-	13.78	13.78	(0.6) %
	C.I.P.	-	42.59	42.59	(0.2) %
1995	Residential	-	13.86	13.86	(0.8) %
	C.I.P.	-	42.66	42.66	(0.1) %
1994	Residential	-	13.97	13.97	8.5 %
	C.I.P.	-	42.72	42.72	6.8 %
1993 ⁽²⁾	Residential	-	12.88	12.88	15.2 %
	C.I.P.	-	39.99	39.99	16.7 %
1992	Residential	\$ 5.97	5.21	11.18	25.2 %
	C.I.P.	18.30	15.97	34.27	36.6 %
1991	Residential	4.00	4.93	8.93	5.7 %
	C.I.P.	15.00	10.09	25.09	4.9 %
1990	Residential	4.63	3.82	8.45	6.0 %
	C.I.P.	13.09	10.82	23.91	6.6 %
1989	Residential	4.32	3.65	7.97	(26.0) %
	C.I.P.	12.16	10.28	22.44	3.6 %

(1) Real and personal property tax rates are per \$1,000 of assessed value.

(2) Beginning with Fiscal Year 1993 City and Schools rates are combined.

C.I.P. = Commercial, Industrial and Personal Property.

Source: City of Boston Assessing Department

Table-6

**Ratio of General Obligation Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita**
(in thousands)
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Assessed Value ^{(2)(a)}	Gross Bonded Debt ⁽³⁾	Less: Self- Supporting Debt	Less: Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1999	558	\$ 33,807,269	\$ 711,020	\$ 50	-	\$ 710,970	2.1%	\$ 1,274.1
1998	558	31,669,182	654,520	100	-	654,420	2.1%	1,172.8
1997	558	29,054,348	602,225	150	-	602,075	2.1%	1,079.0
1996	548	27,519,112	566,745	200	-	566,545	2.1%	1,033.8
1995	574	26,279,578	545,355	335	- ⁽⁵⁾	545,020	2.1%	949.5
1994	574	25,024,740	528,660	530	\$ 4,446	523,684	2.1%	912.3
1993	574	25,513,823	524,480	5,050	4,680	514,750	2.0%	896.8
1992	574	27,857,962	566,225	6,680	5,948	553,597	2.0%	964.5
1991	574	34,165,497	548,690	8,920	7,790	531,980	1.6%	926.8
1990	578	33,673,223	516,324	9,519 ⁽⁴⁾	54,468	452,337	1.3%	782.6

(1) Population estimates are from Bureau of the Census.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(2a) Exempt residential properties not included.

(3) Self-supporting proprietary debt and certain notes payable are not included.

(4) The Funding Loan Act of 1982 Bonds which were outstanding as of June 30, 1989, in the amount of \$30.2 million were redeemed in full on July 1, 1989.

(5) The Debt Service Fund at the end of Fiscal Year 1995 was eliminated by a transfer to the General Fund of funds earmarked to extinguish the Rapid Transit Debt in Fiscal Year 1996.

Table-7

Computation of Legal Debt Margin
(in thousands)
June 30, 1999

Equalized Valuation as of June 30, 1998 ⁽¹⁾	35,853,362,600	
	2.5%	5.0%
Maximum debt limits as of July 1, 1999.....	\$ 896,334	\$ 1,792,668
Additional Debt Capacity ⁽²⁾	100,000	(100,000)
	996,334	1,692,668
Less: Debt outstanding June 30, 1998 ⁽³⁾	(461,140)	(461,140)
Less: Debt authorized but unissued June 30, 1998 ⁽⁴⁾	(290,302)	(290,302)
Debt incurring capacity as of July 1, 1998.....	244,892	941,226
Add: Debt redeemed during fiscal 1999.....	45,087	45,087
Less: City council authorizations during fiscal 1999.....	(89,906)	(89,906)
Debt incurring capacity as of June 30, 1999.....	\$ 200,073	\$ 896,407

(1) Includes the value of Chapter 121A tax agreement properties.

(2) The Commonwealth's Emergency Finance Board approved \$100 million of debt capacity from the Double Debt Limit on December 10, 1997.

(3) The laws of the Commonwealth of Massachusetts provide for general debt limits for the City, consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2.5% of the assessed valuation of taxable property in the City as last equalized by the State Department of Revenue, and may authorize debt up to this limit without State approval. The City can also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Emergency Finance Board.

(4) The debt authorized but unissued as of June 30, 1998 and City Council authorizations during fiscal 1999 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Table-8

**Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
(in thousands)
June 30, 1999**

Boston's Direct Debt	Gross Bonded Debt ⁽¹⁾	Payable from Related Revenues ⁽²⁾	Net Bonded Debt
Issued for the Purpose of:			
Acquisition of Land; Parks/Playgrounds.....	\$ 45,429	\$ -	\$ 45,429
Acquisition of Land; Landfill.....	332	-	332
Engineering & Architectural Services.....	1,294	-	1,294
Automatic Traffic Control Signals.....	4,609	-	4,609
Departmental Equipment.....	25,320	-	25,320
Remodeling and Repairs.....	92,900	30,210	62,690
Economic Development.....	9,259	-	9,259
Parking Facilities.....	708	-	708
State Urban Development - Relocation.....	34,629	-	34,629
Schools.....	239,094	151,255	87,839
Public Buildings.....	164,983	-	164,983
Public Works.....	91,691	-	91,691
Acquisition of Land; Cemeteries.....	722	266	456
Sewer.....	50	50	-
Total Direct Debt.....	\$ 711,020	\$ 181,781	\$ 529,239
Overlapping Debt	Principal Amount	% Applicable to Boston	
Mass. Bay Transportation Authority.....	\$ 345,583	42.87%	148,151
Total Direct and Overlapping Debt.....			\$ 677,390

(1) Self-supporting proprietary debt and certain notes payable are not included.

(2) Includes revenues related to or derived from facilities for which the debt was incurred. Such revenues include; (i) the Boston Public Health Commission on account of general obligation debt attributable to project undertaken on behalf of the former department of Health and Hospitals; (ii) state grants for school construction assistance pursuant to the State's Construction Aid Project; (iii) cemetery receipts which are currently collected in the General Fund; (iv) payments from the Boston Water and Sewer Commission for debt service on outstanding sewer bonds.

Source: City of Boston Auditing Department and MBTA Treasurer-Controller.

Table-9

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Fund Expenditures (1)**
Last Ten Fiscal Years
(GAAP Basis)
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total ⁽²⁾ General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1999	\$ 63,500	\$ 35,209	\$ 98,709	\$ 1,459,550	6.8%
1998	57,574	31,857	89,431	1,345,774	6.6%
1997	54,505	32,944	87,449	1,297,404	6.7%
1996	53,595	32,189	85,784	1,235,922	6.9%
1995	53,291	29,305	82,596	1,209,846	6.8%
1994	57,410	31,861	89,271	1,022,943	8.7%
1993	53,585	34,463	88,048	981,244	9.0%
1992	53,180	32,812	85,992	1,013,551	8.5%
1991	50,579	32,317	82,896	1,045,559	7.9%
1990	81,034	29,444	110,478	1,011,850	10.9%

(1) Total principal and interest payments by the City is exclusive of Other Financing Sources.

(2) Operating Transfers Out have been excluded from all years.

Table-10
Largest Taxpayers ⁽¹⁾

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Personal Property ⁽³⁾</u>	<u>Real Property</u>	<u>Total Assessed Value</u>	<u>% of Total Assessed Value</u>	<u>Fiscal 1999 Taxes</u>
Boston Edison Company	Utility	\$ 952,931,500	\$ 150,539,500	\$ 1,103,471,000	18.0%	\$ 40,833,785
Equity Office Properties	Real Estate	-	874,440,500	874,440,500	14.3%	32,389,276
John Hancock Mutual Life Insurance Co.	Insurance	-	481,318,800	481,318,800	7.8%	17,828,048
Prudential Insurance Company ⁽²⁾	Insurance	-	751,053,000	751,053,000	12.2%	17,351,106
Fort Hill Associates	Real Estate	-	412,468,400	412,468,400	6.7%	15,277,830
New England Telephone & Telegraph (NYNEX) ⁽³⁾	Utility	296,295,400	111,438,700	407,734,100	6.6%	14,970,683
Massport ⁽⁴⁾	State Authority	-	-	-	0.0%	10,378,559
UIDC of Massachusetts, Inc.	Real Estate	-	279,657,500	279,657,500	4.6%	10,358,514
One Twenty Five High Street	Real Estate	-	275,998,000	275,998,000	4.5%	10,222,966
Dewey Square Tower Associates	Real Estate	-	252,248,500	252,248,500	4.1%	9,343,284
Olympia & York State Street Co.	Real Estate	-	238,635,000	238,635,000	3.9%	8,839,040
Equitable Federal Street Realty Co.	Real Estate	-	232,500,500	232,500,500	3.8%	8,611,818
Clarence W. Peterson (One Federal Street)	Real Estate	-	205,414,500	205,414,500	3.4%	7,608,553
75 State Street	Real Estate	-	179,478,000	179,478,000	2.9%	6,647,865
Boston Gas Co.	Utility	136,604,900	22,816,000	159,420,900	2.6%	5,904,950
Acme-Premier	Real Estate	-	139,753,900	139,753,900	2.3%	5,176,484
Five Hundred Boylston West	Real-Estate	-	139,395,500	139,395,500	2.3%	5,163,209
		<u>\$ 1,385,831,800</u>	<u>\$ 4,747,156,300</u>	<u>\$ 6,132,988,100</u>	<u>100.0%</u>	<u>\$ 226,905,970</u>

(1) This table is compiled through a literal search of the named owner or owners of all major parcels of property in the City. This methodology does not necessarily locate parcels owned by affiliates nor does it differentiate percentage of ownership in a particular parcel.

(2) Includes an estimated \$2,076,773 in-lieu-of tax payment received from a taxpayer constituted as an urban redevelopment corporation organized under Chapter 121A of the Massachusetts General Laws.

(3) New England Telephone & Telegraph Company ("NE T&T") is the owner of record of the property used to calculate numbers. NE T&T is now Bell Atlantic.

(4) This payment is an in-lieu-of tax payment, expressly permitted by statute and paid pursuant to a contract with the City.

(5) Pursuant to Chapter 59 of the General Laws, Section 4, personal property consists of movable physical items not permanently attached to real estate. Many items of personal property are exempt from taxation in Massachusetts. There are three general types of personal property that are taxable: business and professional furnishings; household furnishings in property other than the principal residence (for example, a summer house); and personal property of public utilities.

Source: City of Boston Assessing and Treasury Departments.

Table 11**Boston's Largest Private Sector Employers**

American Airlines, Inc.	FMR Corporation (Fidelity Investments)
Au Bon Pain Co., Inc.	Gillette Company
BankBoston Corp.	Harvard Pilgrim Health Care
Bell Atlantic	John Hancock Mutual Life Insurance
Beth Israel/Deaconess Hospital	Liberty Mutual Life Insurance Co.
Blue Cross & Blue Shield of Massachusetts	Liberty Financial Cos. Inc.
Boston Edison Company	Marriott International
The Boston Globe	Massachusetts Eye & Ear Infirmary
Boston Medical Center	Massachusetts General Hospital
Boston University	New England Medical Center Hospital
Brigham and Women's Hospital Inc.	Northeastern University
Carney Hospital	Putnam Investments
Children's Hospital Medical Center	St. Elizabeth's Medical Center
Pricewaterhouse Coopers	Star Market
Dana-Farber Cancer Institute	State Street Bank & Trust Co.
Delta Airlines	Stone & Webster Engineering Corp.
Faulkner Hospital	Stop & Shop
Federal Reserve Bank of Boston	Teradyne, Inc.
Filene's	Thomson Financial Services
First Security Services Corp.	USAirways
Fleet Bank of Massachusetts NA	Visiting Nurses Association of Boston

Source: Survey by BRA/EDIC, conducted in 1996 - 1997.

Table-12

Comparative Office Vacancy Rates
20 Largest Downtown Office Markets
 As of June 30, 1999

City	Vacancy Rate	City	Vacancy Rate
Seattle	3.7 %	Phoenix	9.0 %
San Francisco	4.0	Chicago	10.0
Boston *	4.4	Cleveland	11.2
Manhattan, Midtown	4.6	Houston	11.8
Washington, D.C.	5.3	Atlanta	12.0
Minneapolis-St. Paul	5.6	Philadelphia	13.7
Manhattan, Downtown	7.9	Kansas City	15.5
Cincinnati	8.0	Los Angeles	17.0
Baltimore	8.9	Detroit	19.2
Denver	9.0	Dallas	32.1

National Average ⁽¹⁾ 10.65%

(1) National average is based on 48 U.S. cities from the CB Richard Ellis Office Vacancy Index.

* (Due to an error in CB Richard Ellis's input data, no vacancy rate for Downtown Boston has been reported since early 1999. Though it is our belief at BRA that the vacancy rate for Downtown Boston this year will not be different from that of last year which was 4.4%, we can not provide an estimate that can be compared to what CB Richard Ellis could have provided.)

Table-13

Building Permit Revenue and Estimated Construction Activity
(in thousands)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Building Permit Revenue ⁽¹⁾</u>	<u>Est. Potential Construction Activity ⁽²⁾</u>	<u>Est. Potential Construction Activity Adjusted For Inflation ⁽³⁾</u>
1999	\$ 11,404	\$ 1,438,448	\$ 1,438,448
1998	14,758	1,736,200	1,765,610
1997	9,200	1,082,338	1,123,644
1996	11,778	1,385,606	1,487,263
1995	7,629	897,576	989,038
1994	9,040	1,063,524	1,205,465
1993	8,832	1,039,097	1,190,960
1992	9,136	1,074,848	1,279,091
1991	6,689	786,986	952,811
1990	8,120	955,234	1,222,840
Total	\$ <u>96,586</u>	\$ <u>11,459,857</u>	\$ <u>12,655,170</u>
Annual Average 1990-1999	\$ <u>9,659</u>	\$ <u>1,145,986</u>	\$ <u>1,265,517</u>

- (1) Building permit revenue in current dollars.
 (2) Construction activity estimated by dividing permit revenues by 0.85%, which is the midpoint between permit fees calculated at 0.7% of the first \$100,000 and 1% for the remainder of development cost.
 (3) Estimated potential construction activity adjusted to January 1999 constant dollars (CPI-U).

Source: City of Boston, Auditing Department, City of Boston Annual Reports and Boston Redevelopment Authority, Policy Development and Research Department.

Table-14

Employment Trends by Industry
Last Five Fiscal Years

<u>Industry</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>% Change 1993-1995</u>	<u>1997</u>	<u>1998</u>	<u>% Change 1997-1998</u>
Fishing, Mining, Agriculture	1,389	1,243	1,358	-2.2%	1,434	1,322	-7.8%
Construction	12,376	13,128	12,800	3.4%	13,404	16,094	20.1%
Manufacturing	29,473	28,995	29,069	-1.4%	28,340	29,704	4.8%
Transportation/Comm./Utilities	36,222	36,130	35,752	-1.3%	36,417	37,301	2.4%
Retail and Wholesale Trade	75,709	77,569	78,974	4.3%	84,021	82,007	-2.4%
Finance/Insurance/Real Estate	93,035	93,489	96,174	3.4%	99,322	104,194	4.9%
Services	272,692	279,739	286,758	5.2%	294,937	309,008	4.8%
Government	95,918	97,628	95,696	-0.2%	98,435	91,392	-7.2%
Total	<u>616,814</u>	<u>627,921</u>	<u>636,581</u>	<u>3.2%</u>	<u>656,310</u>	<u>671,022</u>	<u>2.2%</u>

Figures for 1994 to 1996 are based on U.S. Bureau of Economic Analysis Series for Suffolk County, (May 1999, Revised Series (BEA Series), pro-rated to Boston geography). Data for 1997 and 1998 is based on Massachusetts Department of Employment and Training ES-202 series (this series represents payroll jobs covered by the unemployment security system). These Boston employment data are used to derive an equivalent 1997 and 1998 BEA series (for all jobs, full and part-time).

Source: Boston Redevelopment Authority and Massachusetts Department of Employment and Training.

Table-15

Annual Unemployment Rates
Last Ten Fiscal Years

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>June (1)</u> <u>1999</u>
City	5.6 %	8.4 %	8.0 %	6.6 %	5.8 %	5.4 %	4.5 %	4.2 %	3.9 %	3.1 %
Boston PMSA ⁽²⁾	5.3	7.8	7.5	6.0	5.2	4.7	3.7	3.4	3.0	2.5
Massachusetts	6.0	9.1	8.6	6.9	6.0	5.4	4.3	4.0	3.5	3.1
New England	5.7	8.0	8.1	6.8	5.9	5.4	4.8	4.4	3.6	3.3
United States	5.6	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.7	4.4

(1) Monthly rates are not seasonally adjusted. Most recent data are preliminary and subject to revision.

(2) Primary Metropolitan Statistical Area, consisting of the City and 129 contiguous municipalities, with a population of approximately 3.2 million in 1990 according to the U.S. Census data.

Sources: U.S. Bureau of Labor Statistics for the United States, New England and Massachusetts, and The Massachusetts Division of Employment and Training.



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City of Boston, Massachusetts

Table-16

Direct Debt Outstanding (1)
Year Ended June 30, 1999

	Balance June 30, 1998		Bond Issuances Fiscal 1999	
			General Obligation Bonds	
	Principal	Interest	Principal	Interest
General Purpose				
Cemeteries.....	\$ 253,889	\$ 33,450	\$ 123,028	\$ 2,612
Acquisition of Land, Parks and Playgrounds.....	45,179,836	13,449,535	4,757,394	115,434
Acquisition of Land, Landfill Area.....	398,785	84,676	-	-
Engineering and Architectural Services.....	1,303,190	162,678	265,533	5,638
Auto Traffic Control Signals.....	6,534,343	1,791,927	1,137,557	27,560
Computer Software.....	440,500	50,400	9,474	201
Computer Hardware.....	6,036,112	1,425,980	3,005,106	72,807
Departmental Equipment.....	26,898,481	3,576,136	13,533,061	314,676
New City Hall.....	30,000	5,176	-	-
Economic Development and Industrial Corp.....	10,099,751	4,001,715	152,228	3,683
Remodeling and Extraordinary Repairs.....	212,883,465	78,094,613	11,444,534	149,700
Total General Purpose	310,058,352	102,676,286	34,427,915	692,311
School Buildings				
Capital Improvements; Acts of 1966.....	680,000	65,577	-	-
Capital Improvements; Acts of 1973.....	4,587,276	938,191	-	23,986
Capital Improvements; Acts of 1991.....	20,808,145	9,794,785	4,151,234	76,420
Capital Improvements; Acts of 1996.....	4,770,387	2,281,770	19,199,313	-
School Project Loan; Act of 1948.....	33,934,249	11,662,158	27,045,950	1,245,694
Total School Buildings	64,780,057	24,742,481	50,396,497	1,346,100
Other Public Buildings				
Capital Improvements; Acts of 1966.....	585,420	175,299	-	-
Capital Improvements; Acts of 1973.....	41,252,374	14,772,218	752,036	-
Capital Improvements; Acts of 1991.....	32,774,534	15,434,280	8,960,085	234,906
Capital Improvements; Acts of 1996.....	5,010,988	2,388,263	10,458,556	252,960
Construction of Buildings; Acq. of Land.....	67,214,413	28,046,559	8,579,816	207,520
Total Other Public Buildings	146,837,729	60,816,619	28,750,493	695,386
Public Works				
Bridges.....	19,112,391	8,313,404	886,220	21,435
Public Ways.....	51,955,987	17,272,065	3,365,182	81,531
Sidewalks.....	15,104,066	2,313,310	330,002	7,007
Street Lighting.....	8,111,798	2,388,890	20,035	485
Total Public Works	94,284,242	30,287,669	4,601,439	110,458
Other				
Urban Redevelopment and Relocation.....	36,729,920	12,499,008	1,823,656	44,110
Parking Facilities.....	1,729,700	114,877	-	-
Sewerage Loan.....	100,000	6,900	-	-
Total Other	38,559,620	12,620,785	1,823,656	44,110
Total All Categories	\$ 654,520,000	\$ 231,143,840	\$ 120,000,000	\$ 2,888,365

(1) Self-supporting proprietary debt is not included.

Fiscal 1999 Payments		Balance June 30, 1999	
Principal	Interest	Principal	Interest
\$ 17,052	\$ 18,161	\$ 359,865	\$ 54,223
4,157,714	2,327,147	45,779,516	15,892,116
41,500	17,638	357,285	102,314
274,838	62,143	1,293,885	230,459
632,835	329,432	7,039,065	2,148,919
126,000	22,251	323,974	72,852
616,211	337,897	8,425,007	1,836,684
6,466,288	1,509,138	33,965,254	5,399,950
30,000	713	-	5,889
993,147	490,992	9,258,832	4,496,390
17,895,576	10,940,698	206,432,423	89,185,011
<u>31,251,161</u>	<u>16,056,210</u>	<u>313,235,106</u>	<u>119,424,807</u>
195,000	16,181	485,000	81,758
1,158,234	226,566	3,429,042	1,188,743
851,907	1,106,854	24,107,472	10,978,059
-	-	23,969,700	2,281,770
3,398,423	3,048,625	57,581,776	15,956,477
<u>5,603,564</u>	<u>4,398,226</u>	<u>109,572,990</u>	<u>30,486,807</u>
315,704	46,324	269,716	221,623
4,259,698	2,189,047	37,744,712	16,961,265
1,962,687	1,755,265	39,771,932	17,424,451
260,696	491,733	15,208,848	3,132,956
5,225,905	3,495,416	70,568,324	31,749,495
<u>12,024,690</u>	<u>7,977,785</u>	<u>163,563,532</u>	<u>69,489,790</u>
1,307,474	971,065	18,691,137	9,305,904
4,784,532	2,676,165	50,536,637	20,029,761
2,899,549	755,657	12,534,519	3,075,974
632,865	407,446	7,498,968	2,796,821
<u>9,624,420</u>	<u>4,810,333</u>	<u>89,261,261</u>	<u>35,208,460</u>
3,924,366	1,877,182	34,629,210	14,420,300
1,021,799	83,811	707,901	198,688
50,000	5,175	50,000	12,075
<u>4,996,165</u>	<u>1,966,168</u>	<u>35,387,111</u>	<u>14,631,063</u>
<u>\$ 63,500,000</u>	<u>\$ 35,208,722</u>	<u>\$ 711,020,000</u>	<u>\$ 269,240,927</u>

Table-17

**Authorized and Unissued Debt
(in thousands)**

Balance June 30, 1998.....	\$ 697,283
Add: City Council Authorizations.....	140,590
Deduct: October 1998 G.O. Bond Issuance.....	(120,000)
Balance June 30, 1999.....	<u>\$ 717,873</u>

<u>City Council Authorizations:</u>	<u>Date</u>	<u>Amount</u>	<u>Authorization</u>
Construction of Buildings, Acquisition of Land.....	7/21/98	\$ 13,190	C44 s7 (3)
Remodeling and Repairs - Various Departments.....	7/21/98	\$ 9,335	C44 s7 (3A)
Remodeling and Repairs - Various Schools.....	7/21/98	\$ 20,666	C44 s7 (3) & (3A)
Departmental Equipment - Various Departments.....	7/21/98	\$ 7,465	C44 s7 (9)
Equipment - Fire Boat Acquisition.....	7/21/98	\$ 1,515	C44 s7 (13)
Traffic Signals, Public Lighting, Fire Alarms.....	7/21/98	\$ 155	C44 s7 (14)
Acquisition of Land; Landfill Area Closing, Opening, or Making Improvements to.....	7/21/98	\$ 13,185	C44 s8 (24) as inserted by C584 s 14 Acts of '87, or C29C, or C44 s7 (25)
Acquisition of Land: Outdoor Facilities.....	7/21/98	\$ 10,520	C44 s7 (25)
Acquisition of Land: Outdoor Facilities.....	7/21/98	\$ 1,000	C44 s7 (25)
Computer Hardware.....	7/21/98	\$ 6,060	C44 s7 (28) & (29)
Computer Hardware.....	8/11/98	\$ 20,000	C44 s7 (28) & (29)
Urban Redevelopment and Renewal.....	8/24/98	\$ 2,490	C121B s20
School Program Loan: Act of 1966.....	7/21/98	\$ 32,999	C642 s7 Acts of '66 as amended
Capital Improvements: Act of 1996.....	8/24/98	\$ 1,010	C642 s7C Acts of '66 as amended
Capital Improvements: Act of 1996.....	6/30/98	\$ 1,000	C642 s7C Acts of '66 as amended
		<u>\$ 140,590</u>	

Table - 18

Property Value, Construction, Bank Deposits and Retail Sales
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Assessed Property Value ⁽¹⁾			Building Permit Revenues ⁽²⁾	Bank Deposits ⁽³⁾	Retail Sales ⁽⁴⁾ (In Millions of \$)
	Residential ^(a)	Commercial, Industrial & Personal	Total			
1999	\$ 18,344,118	\$ 15,463,151	\$ 33,807,269	\$ 11,404	\$ N/A	\$ N/A
1998	17,456,175	14,213,007	31,669,182	14,758	N/A	N/A
1997	16,437,252	12,617,096	29,054,348	9,200	N/A	N/A
1996	15,709,935	11,809,177	27,519,112	11,778	33,642,153	36,565
1995	14,970,450	11,309,128	26,279,578	7,629	33,339,513	34,185
1994	14,219,593	10,805,147	25,024,740	9,040	32,211,722	33,942
1993	14,593,960	10,919,863	25,513,823	8,832	32,085,774	31,309
1992	16,086,355	11,771,607	27,857,962	9,136	33,761,555	29,701
1991	18,696,975	15,468,522	34,165,497	6,689	36,701,266	28,430
1990	18,489,546	15,183,677	33,673,223	8,119	40,590,819	28,343

(1) Source: City of Boston Assessing Department

(2) Source: City of Boston Auditing Department

(3) Source: Federal Reserve Bank / FDIC "Databook Operating Banks + Branches"

(4) Source: U.S. Department of Commerce, Bureau of the Census, "Current Business Reports:
Monthly Retail Trade Data is for the five counties in metropolitan Boston: Essex, Middlesex,
Norfolk, Plymouth and Suffolk.

(a) Note: Exempt residential properties not included.

N/A: not available.

Table - 19

GENERAL INFORMATION

CITY GOVERNMENT

Date of incorporation.....	1822
Present charter first adopted.....	1909
Form of government.....	Mayor / City Council

GEOGRAPHICAL DATA

Altitude.....	28 feet above sea level
Area (square miles):	
Land.....	43.2
Water.....	2.2
Climate:	
Annual average.....	51.9
April 1999 average	57.3
October 1999 average	53.0
Rainfall in inches as of Nov. 1999.....	34.2

ELECTIONS

Registered voters as of Oct. 1999.....	237,870
% voted in last general election 10/5/99.....	17.0

CITY EMPLOYEES

Total number of employees.....	16,971
City and county.....	8,628
School department.....	6,860
Exernal.....	1,483

FIRE PROTECTION

Officers and personnel.....	1,733
Stations.....	34
Calls answered.....	71,961
Inspections conducted.....	8,487

POLICE PROTECTION

Officers and personnel.....	3,113
Stations.....	11
Calls answered.....	579,383
Moving/traffic Violations.....	115,811
Parking violations as of 9/30/99.....	1,223,824

HOSPITALS

Number of hospitals.....	19
Patient beds.....	5,693
Births as of June 30, 1999.....	7,360
Deaths as of June 30, 1999.....	3,492

LIBRARY

Personnel full-time.....	436
Personnel part-time.....	150
Central and branch libraries.....	26
Mobile units.....	1
Books, audio and video materials, newspapers and magazines in circulation.....	6,405,000
Library cards in force.....	525,000

PUBLIC EDUCATION

Student enrollment.....	63,713
Teachers and other certified employees.....	7,348
Total number of schools.....	132

STREETS, SIDEWALKS AND BRIDGES

Streets paved in miles.....	784
Sidewalks in miles.....	1,500
Traffic signals.....	767
Parking meters.....	7,200
Bridges.....	4

PARKS AND RECREATION

Personnel.....	250
Major parks.....	4
Neighborhood and community parks.....	11
Neighborhood playgrounds.....	192
Community recreation centers.....	35
Golf courses.....	2
Swimming pools.....	20
Tennis courts.....	18

BOSTON LOGAN AIRPORT

Acreage.....	2,400
Miles of runway.....	7
Miles of taxiway.....	14
Domestic and international airlines.....	60
Passengers served in 1998 (approximately).....	26.5 million





